

2009 Annual Report

# Missouri Public Service Commission





Commissioners

ROBERT M. CLAYTON III  
Chairman

JEFF DAVIS

TERRY M. JARRETT  
KEVIN GUNN  
ROBERT S. KENNEY

## Missouri Public Service Commission

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WESS A. HENDERSON  
Executive Director

DANA K. JOYCE  
Director, Administration and  
Regulatory Policy

ROBERT SCHALLENBERG  
Director, Utility Services

NATELLE DIETRICH  
Director, Utility Operations

STEVEN C. REED  
Secretary/General Counsel

KEVIN A. THOMPSON  
Chief Staff Counsel

November 20, 2009

The Hon. Jeremiah W. Nixon  
Governor of Missouri  
State Capitol  
Jefferson City, Missouri

Dear Gov. Nixon:

As Chairman of the Missouri Public Service Commission, it is my pleasure and honor to submit the agency's annual report for the fiscal year July 1, 2008 through June 30, 2009, as well as additional information for the calendar year 2009.

First and foremost, I am compelled to recognize the Commission staff for their dedication and hard work. Employment with the state carries significant responsibility without the pay scale and benefits available in the private sector. They are to be commended for doing more each year with less. PSC employees are vital to the agency and to the work that we do.

Second, the Commission productively addressed many issues during this past year. Legislative initiatives and a referenda approved by voters have created new challenges and responsibilities for the Commission as well as on-going rate case filings of the largest utilities. The Commission also addressed a number of significant rulemakings and conducted a number of workshop dockets in attempts to find common ground among stakeholders.

Third, since being appointed Chairman in January 2009, I have asked that the Commission look inward at procedure and administration to improve how we do business. The Commission has completed work on a number of initiatives and has many projects in progress. Each effort at reform is designed at improving the level of confidence that the public has in the decisions we make.

Here are some highlights of the Commission's work this year:

### Decision Highlights:

- **Rate Cases:** Reached decisions in rate cases filed by all four of the investor-owned electric companies in Missouri (AmerenUE, KCPL-Greater Missouri Operations Company, The Empire District Electric Company and Kansas City Power & Light Company).
- **Solar and Wind Generation:** Amended net metering rules eliminating a requirement that customers generating 10 kilowatts or less of electricity carry liability insurance. This is designed to make it easier for customer-generators to interconnect with the electric grid and offset their energy purchases with their own generation.
- **Customer Service:** Responded to nearly 5,600 complaints and/or inquiries received by our Consumer Services Department.

- **Electricity Reliability:** Adopted rules setting standards for the state's four investor-owned electric companies regarding service reliability in Missouri.
- **Federal Activity:** Continued to be a strong voice for Missouri consumers before federal agencies such as the Federal Energy Regulatory Commission (FERC) on important issues involving electricity and natural gas and before the Federal Communications Commission (FCC) on telecommunications and broadband issues. Many of those issues could have a significant impact on the rates consumers pay or the service they receive.
- **Cyber Security:** Implemented a complete cyber security review of major utilities.

New Initiatives:

- **Renewable Energy Standards:** Conducted workshops for Proposition C rulemaking (passed by the voters in November 2008) with stakeholders.
- **Energy Efficiency:** Worked with the Missouri Department of Natural Resources, community action agencies and other stakeholders developing a website ([www.beenergyefficient.org](http://www.beenergyefficient.org)) which provides Missouri consumers with information on how to take control of their energy costs.
- **Missouri's Utilities:** Held various workshops with interested stakeholders on the future of the electric industry as well as the future of small water and sewer companies in Missouri.
- **Ethics and Standards of Conduct:** Completing a comprehensive Ethics and Standards of Practice review by an independent consultant.
- **Sunshine Law:** Undergoing a comprehensive review and improvement of in-house policies relating to the Sunshine Law and document retention policies.
- **Public Access to PSC Decisions and Process:** All PSC public meetings are now webcast on the internet, recorded and are available for public inspection through the web.
- **Diversity Program:** Implemented a new diversity program.
- **In-house Cyber Security:** Implemented a comprehensive in-house review of cyber security and protection of electronic data and systems.

On-going and future projects:

- **SB 376:** PSC will conduct workshops associated with implementation of energy efficiency initiatives associated with the new legislation.
- **Integrated Resource Planning:** PSC will continue conducting workshops and the eventual rulemaking on IRP rules and regulations.
- **Stray Voltage Reporting:** PSC will continue to monitor developments associated with death and injury from stray voltage accidents.
- **Area Code Protection:** Continue aggressive telephone number conservation efforts which have kept Missouri from having to add new area codes. Missouri area code exhaust dates have been extended from the early 2000s to at least 2013.
- **Small Complaint Process:** Proposed a streamlined process for customers filing complaints against utilities.
- **Missouri's Energy Future:** PSC will continue the dialogue with stakeholders on Missouri's energy needs, specifically regarding transmission, energy efficiency and smart grid investments.

The Commission continues its work to assure Missouri's rate paying customers receive safe and adequate service at just and reasonable rates. I hope that you find this report helpful and useful. If there is any additional information I can provide, please do not hesitate to call.

Very truly yours,



Robert M. Clayton III  
Chairman

## **PSC MISSION STATEMENT**

### **We will:**

- Ensure that Missourians receive safe and reliable utility services at just, reasonable and affordable rates;
- Support economic development through either traditional rate of return regulation or competition, as required by law;
- Establish standards so that competition will maintain or improve the quality of services provided to Missourians;
- Provide the public the information they need to make educated utility choices;
- Provide an efficient regulatory process that is responsive to all parties, and perform our duties ethically and professionally.



## **MISSOURI PUBLIC SERVICE COMMISSION**

**ROBERT M. CLAYTON III, CHAIRMAN**

**JEFF DAVIS, COMMISSIONER**

**TERRY M. JARRETT, COMMISSIONER**

**KEVIN D. GUNN, COMMISSIONER**

**ROBERT S. KENNEY, COMMISSIONER**

**(COMMISSIONER ALSO SERVING DURING THIS FISCAL YEAR)**

**CONNIE MURRAY**



*Missouri Public Service Commission offices are located in the Governor Office Building, 200 Madison Street, in Jefferson City.*

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# Key PSC Personnel

## The Commissioners

Robert M. Clayton III, Chairman	751-4221
Jeff Davis, Commissioner	751-3233
Terry Jarrett, Commissioner	751-3243
Kevin D. Gunn, Commissioner	751-0946
Robert Kenney, Commissioner	751-4132

## Executive Division

Wess Henderson, Executive Director	751-7435
Debi Drewel, Manager - Information Services Department	522-2453
EFIS Toll-Free Help Desk	1-866-365-0924

## Administration Division

Dana K. Joyce, Director	751-2481
Robert Boone, Legislative Coordinator	522-8708
James Jackson, Manager - Human Resources Department	751-7508
Dan Redel, Manager - Budget and Fiscal Services Department	751-2457
Kevin Kelly, Public Information Administrator	751-9300
Gregg Ochoa, Public Information Coordinator	522-2760

## Secretary/General Counsel Division

Steven Reed, Secretary/General Counsel	751-3015
Morris Woodruff, Chief Regulatory Law Judge	751-2849

## Staff Counsel Division

Kevin Thompson, Chief Staff Counsel	751-2690
Gay Fred, Manager - Consumer Services Department	751-3160
Consumer Services Toll-Free Hotline	1-800-392-4211

## Utility Operations Division

Natelle Dietrich, Director	751-7427
John Van Eschen, Manager - Telecommunications Department	751-5525
Lena Mantle, Manager - Energy Department	751-7520
Ron Pleus, Manager - Manufactured Housing Department	751-7119
Manufactured Housing Toll-Free Hotline	1-800-819-3180
Jim Busch, Manager - Water and Sewer Department	751-7529

## Utility Services Division

Robert Schallenberg, Director	751-7162
Ron Bible, Manager - Financial Analysis Department	751-8517
Joan Wandel, Manager - Auditing Department	751-4785
David Sommerer, Manager - Procurement Analysis Department	751-4356
Lisa Kremer, Manager - Engineering and Management Services Department	751-7441

# PSC COMMISSIONERS

## ROBERT M. CLAYTON III

### *Chairman*

Chairman Robert M. Clayton III was appointed by Governor Bob Holden to a six-year term on the Public Service Commission, receiving Senate confirmation on May 8, 2003. He was appointed chairman by Gov. Jay Nixon on January 13, 2009.

Prior to his appointment to the PSC, Chairman Clayton was an attorney in private law practice in Hannibal as a partner in the general practice firm, Clayton & Curl L.L.C. Commissioner Clayton formerly served Marion and Shelby County constituents in the Missouri General Assembly as the state representative from the 10th District. He was first elected to the Missouri House in 1994 and served four consecutive terms.

As a state legislator, he chaired the House Ethics Committee and the Joint Committee on Legislative Research and was Vice-Chairman of the Committee on Criminal Law. He also served on additional House committees including, Appropriations-Transportation, Agriculture and the Judiciary. While in the General Assembly, Clayton served on the Executive Committees of the Council of State Governments and the Southern Legislative Conference.

Chairman Clayton is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He is a former Chairman of the Committee on International Relations, which included serving as the NARUC representative appointed to attend the Presidium of the Energy Regulators Regional Association (ERRA) of Eastern and Central Europe. He has worked with several member nations of the African Forum for Utility Regulation (AFUR) including the nations of Rwanda and Uganda. He has also offered presentations on energy regulation in Azerbaijan, Hungary and before the Organization of Caribbean Utility Regulators.

Chairman Clayton was also appointed to chair the Program Advisory Committee for the World Forum on Energy Regulation III, held in October 2006, in Washington, DC. The third triennial conference of its kind (the prior events were held in Montreal, Canada, and Rome, Italy), the World Forum hosted energy regulators, investors and stakeholders from 84 countries. As Chair of the Program Advisory Committee, Clayton's committee developed the comprehensive program agenda by coordinating topics of interest for all regulators, regardless of the maturity level of a nation's economy. The program highlighted 125 speakers with 28 different sessions of energy regulatory topics.

Chairman Clayton also serves as a general member of the NARUC Telecommunications Committee and is involved in various organizations charged with the regulation and monitoring of telephone utilities. Clayton served as chairman of the Missouri Universal Service Board and is a state commission member of the FCC appointed North American Numbering Council. He is also a member of the Federal Communications Bar Association and the Public Utility, Communications and Transportation Law Section of the American Bar Association. He serves on the Homeland Security Advisory Council, is a member of the Missouri Oil and Gas Council and serves on the Financial Research Institute Advisory Committee.

Chairman Clayton also serves as a member of the Washington Action Committee as well as the NARUC Subcommittee on Education and Research. He also serves as a member of the NARUC/FERC Smart Grid Collaborative.

Chairman Clayton received the UMKC Law Foundation Decade Award for Achievement in his first ten years of work following law school. He is also a past recipient of the President's Award from the Missouri Bar Association and the Kansas City Metropolitan Bar Association. Clayton also serves as a board member for the Mark Twain Home Foundation.

Chairman Clayton received his Bachelor of Arts in History from Southern Methodist University in 1991 and earned his Juris Doctor from the University of Missouri-Kansas City in 1994.

Chairman Clayton and his wife Erin have two daughters, Olivia and Paige.



## JEFF DAVIS

*Commissioner*

Commissioner Jeff Davis was appointed to the Missouri Public Service Commission by Gov. Holden on May 13, 2004 and was reappointed to a six-year term by Gov. Blunt in April 2006. He was appointed Chairman of the PSC by Gov. Blunt on January 10, 2005 and served as Chairman until January 13, 2009.

Commissioner Davis serves as a member of the Missouri Universal Service Board, the Financial Research Institute Advisory Board, the National Association of Regulatory Utility Commissioners (NARUC) where he serves on the electric committee, the Southeast Missouri State Alumni Association Board of Directors, the Advisory Board for the University of Missouri Delta Center for Agricultural Development in Southeast Missouri, President of the Mid-America Association of Regulatory Commissioners (MARC), Treasurer of the Regional State Committee for Southwest Power Pool and a member of the Board of Directors for the Organization of MISO States (OMS).

Commissioner Davis has served as Chair of the Missouri Energy Task Force, Chairman of the FRI Advisory Board at the University of Missouri, a member of the FERC Joint Oversight Board for Economic Dispatch for the MISO-PJM region, a member of Missouri's Homeland Security Advisory Council, the Missouri Oil & Gas Council and a member of the NARUC gas committee.

Prior to his appointment to the Commission, Davis served as General Counsel and Chief of Staff for Missouri Senate President Pro Tem Peter Kinder. While in that capacity, Commissioner Davis provided legal counsel to the Committee on Gubernatorial Appointments and the Senate Administration Committee; managed the President Pro Tem's office; and supervised the President Pro Tem's legislative agenda, which included drafting and helping pass several pieces of legislation such as: the Senior Care and Protection Act of 2003; the Dram Shop Act of 2002; the Religious Freedom Restoration Act; and legislation authorizing Missouri's first sales tax holiday.

From July 1998 until December of 2000, Commissioner Davis was Chief of Staff and General Counsel to Senate Minority Floor Leader Steve Ehlmann. Prior to that, he was a law clerk for the Honorable Paul J. Simon, Missouri Court of Appeals, E.D. and was a legal intern in Missouri Attorney General Jay Nixon's Labor Division.

Commissioner Davis graduated cum laude with a bachelor's of science degree in political science from Southeast Missouri State University in 1994 and received his juris doctorate degree from Washington University in 1997. Commissioner Davis was admitted to the Missouri Bar in October 1997, is a member of the Missouri Bar Association and Midwest Energy Bar Association.

Commissioner Davis resides in Jefferson City with his wife Tiffany (Southeast '96) and daughters Micah, Mackenzie and Mayson. He is the President of the Congregation at Faith Lutheran Church and is a member of the General Council of the Phi Delta Theta Fraternity.



## **TERRY JARRETT**

### *Commissioner*

Commissioner Terry M. Jarrett was appointed by Governor Matt Blunt to the Missouri Public Service Commission for a six-year term on September 11, 2007. Commissioner Jarrett received unanimous Senate confirmation on January 17, 2008.

Commissioner Jarrett serves as Chairman of the Missouri Universal Service Board, which was established on March 31, 2002 to help low-income and disabled Missourians receive additional discounts for basic local telephone service. He additionally serves, by gubernatorial appointment, on the Committee on 911 Service Oversight. This committee has a variety of responsibilities, including aiding in and collecting information relating to use of a universal emergency telephone number, reviewing existing and proposed legislation and providing recommendations for model systems in preparing a model 911 service plan.

Commissioner Jarrett is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves as a member of the NARUC Gas and Critical Infrastructure Committees, and as a member of the NARUC/FERC Demand Response Collaborative. He is also a member of the New Mexico State University Center for Public Utilities Advisory Council. The Advisory Council assists the Center for Public Utilities in providing educational and research services to the energy, water and telecommunications industries, and regulatory commissions. Commissioner Jarrett is a member of the NARUC Subcommittee on Clean Coal and Carbon Sequestration.

Prior to his appointment to the PSC, Commissioner Jarrett was the Presiding Commissioner of the Administrative Hearing Commission. He formerly served as general counsel to Matt Blunt in both the Office of the Governor and the Office of the Secretary of State.

Jarrett has practiced law as a private attorney and served as a judicial law clerk to the Honorable Duane Benton at the Supreme Court of Missouri. He currently serves as a Judge Advocate in the Missouri Army National Guard at the rank of Captain.

Commissioner Jarrett received a B.S. degree from Central Missouri State University (now the University of Central Missouri) and a J.D. degree from the University of Missouri-Columbia School of Law. While in law school, he was Editor-in-Chief of the *Missouri Law Review*. In 2005, Jarrett was honored with the Most Recent Distinguished Graduate Award by the University of Missouri-Columbia, School of Law.

Jarrett is a member of the Cole County Bar, as well as the Missouri Bar where he is active on several committees, including serving as the chair of the Military Law Committee. He routinely lectures on administrative law, military law and other regulatory issues.

Commissioner Jarrett resides in Jefferson City with his two sons, Blaine and Bryce.



## KEVIN D. GUNN

### *Commissioner*

Commissioner Kevin Gunn was appointed to the Missouri Public Service Commission on March 13, 2008, by Governor Matt Blunt. He was confirmed by the Missouri State Senate on April 10, 2008 and sworn in on April 21, 2008.

Prior to his appointment to the commission, Gunn was an attorney in private law practice in St. Louis with the law firm of Sonnenschein, Nath and Rosenthal.

In 2000, Commissioner Gunn joined the Gephardt in Congress Committee, working on the congressional campaign of Democratic Leader Richard A. Gephardt. He continued working for the committee until 2003. During his tenure, Mr. Gunn also worked on congressional redistricting in Missouri and was appointed by Governor Bob Holden to serve on the Missouri Commission on Reapportionment for the representative districts.

From January 2003 until January 2005, Commissioner Gunn was chief of staff to Rep. Richard Gephardt overseeing all Congressional operations in Washington D.C. and St. Louis. Upon Representative Gephardt's retirement in January 2005, Mr. Gunn formed Gunn Communications LLC. In 2005, Commissioner Gunn left Gunn Communications LLC to begin work for several large St. Louis law firms, practicing primarily in the area of governmental affairs.

Commissioner Gunn received his Bachelor of Arts in political science from American University in 1992 and earned his Juris Doctor from St. Louis University School of Law in 1996. While in law school, Gunn worked for the Missouri Attorney General's office and interned for Federal District Judge George F. Gunn (no relation). After graduating from law school, Gunn joined a large St. Louis law firm specializing in general commercial litigation.

In 2008, Gunn was awarded an Eisenhower Fellowship. In May 2009, he traveled to Australia to study energy and economic development, carbon pollution reduction schemes, renewable energy targets and carbon capture and sequestration.

Also in May 2009, Commissioner Gunn was appointed to the National Association of Regulatory Utility Commissioners (NARUC) Board of Directors and currently serves on the Committee on International Relations. In July 2009, Commissioner Gunn was appointed to the NARUC Committee on Water, and in September 2009, he was appointed Co-Chair of the NARUC Washington Action Program.

Gunn currently serves as the Chairman of the St. Clare Hospital Foundation Board. He has also served on the Webster Groves City Council, the St. Louis County Fire Standards Commission and the St. Louis Regional Chamber and Growth Association Public Policy Council.

Commissioner Gunn is married to Amy Collignon Gunn, an attorney, and has two sons Connor and Nathan.



## ROBERT S. KENNEY

### *Commissioner*

Commissioner Robert S. Kenney was appointed to the Missouri Public Service Commission on July 29, 2009 by Governor Jay Nixon.

Prior to his appointment to the PSC, Commissioner Kenney served as Missouri Attorney General Chris Koster's first Chief of Staff.

As Chief of Staff, Commissioner Kenney was instrumental in leading the office through the transition process. He was responsible for overall management of the Attorney General's attorney and non-attorney employees in five offices throughout the state. Commissioner Kenney was also responsible for managing and litigating cases involving, among other things, election law, petition initiatives, and representation of statewide elected officials. Commissioner Kenney was also tasked with monitoring and advocating on behalf of legislation affecting the Attorney General's Office.

Before working for the Attorney General, Commissioner Kenney was a shareholder at the St. Louis law firm Polsinelli Shalton Flanigan Suelthaus PC (now Polsinelli Shughart), where he practiced in the commercial and business litigation practice group and the product liability practice group. He litigated cases in state and federal courts in Missouri, Illinois, and other courts throughout the country. Commissioner Kenney chaired Polsinelli's diversity committee and served on the firm's recruiting committee.

Prior to his time in private practice at Polsinelli, Commissioner Kenney was an Assistant Attorney General in the Missouri Attorney General's Office for nearly three years, practicing in the Consumer Protection Division. In that division, Commissioner Kenney worked to enforce state and federal consumer protection laws. Commissioner Kenney also served the community by implementing community education and outreach efforts. Commissioner Kenney also played an instrumental role in the initial implementation and enforcement of Missouri's Telemarketing No-Call List Law.

Commissioner Kenney is the Immediate Past President of the Mound City Bar Association. Commissioner Kenney has also served as a member of the board of governors of the Bar Association of Metropolitan St. Louis, serving as a presidential liaison. Commissioner Kenney also served the Missouri Bar as vice-chair of the Twenty-Second Circuit Judicial Evaluation Committee.

Commissioner Kenney has served on the Board of Trustees for Fontbonne University, the Board of Directors for The St. Louis Black Repertory Theater and the Board of Directors for the Portfolio Gallery and Educational Center. Commissioner Kenney is a member of Alpha Phi Alpha Fraternity, Inc., Epsilon Lambda Chapter.

Commissioner Kenney was selected as a member of the 2009-2010 Missouri Bar Leadership Academy. Commissioner Kenney was also selected to receive the St. Louis Business Journal's 2009 Inclusive Leadership Award. Commissioner Kenney was named to the St. Louis Business Journal's Class of 2009 40 Under 40. He was also recognized in the 2008 *Missouri and Kansas Super Lawyers*, as a "Rising Star" in the Business Litigation practice area. Commissioner Kenney was also selected to appear in the Fifth Edition of Who's Who In Black St. Louis.

Commissioner Kenney earned his undergraduate degree in 1994 from Hampton University in Hampton, Virginia. He earned his law degree in 1998 from Saint Louis University School of Law. While in law school, Commissioner Kenney was an Articles Editor for the *Saint Louis University Public Law Review*. He was also a member of the National Moot Court Team and the Moot Court Board. He is licensed to practice law in Missouri and Illinois.

Commissioner Kenney is married to Michelle (Oakley) Kenney. They have two children: daughter, Mackenzie, and son Robert, Jr.



## CONNIE MURRAY

*Commissioner (1997-2009)*

Commissioner Connie Murray was appointed to a second term on the PSC by Governor Bob Holden on April 28, 2003. She was first appointed by Governor Mel Carnahan in May, 1997.

Commissioner Murray served in the Missouri House of Representatives from 1991 through 1996. Her committees included Budget and Judiciary & Ethics.

Commissioner Murray is a 2004 alumna of the Institute of Regulatory Law and Economics held at the Aspen Institute. She was a member of the NARUC Committee on Water and served on a working group of the National Drinking Water Advisory Council.

She served on the NARUC Telecommunications Committee and the NARUC Taskforce on Intercarrier Compensation.

Commissioner Murray attended Temple University and earned her Bachelor of Arts degree from Loyola College in Baltimore, Maryland, where she graduated cum laude. She has a juris doctorate from the University of Maryland School of Law where she was Notes and Comments Editor of the Law Review.

Commissioner Murray served on the Public Service Commission until May 2009.



# BUDGET

**Fiscal Year 2010**

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## Public Service Commission

Personal Service	\$ 10,446,608
Expense and Equipment	2,523,721
Refunds	10,000*
Total	\$ 12,980,329

Full-Time Employees (F.T.E.)	194
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## Deaf Relay Service and Equipment Distribution Program

\$ 2,500,000

F.T.E.	0
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## Manufactured Housing Dept.

Personal Service	\$ 341,404
Expense and Equipment	145,089
Program Specific Distribution and Refunds (Manufactured Housing)	17,935*
Subtotal	\$504,428
Program Specific Distribution Consumer Recovery Fund	\$192,000**
	\$696,428
F.T.E.	8.00
Consumer Recovery Fund Transfer Appropriation	\$192,000***

**TOTAL BUDGET** **\$ 16,368,757**

**F.T.E.** **202.0**

\* These program specific distributions and refunds are estimated appropriations.

\*\*Consumer Recovery Fund Appropriation

\*\*\*From Manufactured Housing Fund To Consumer Recovery Fund

# Organizational Functions

## Executive Division

Wess Henderson, Executive Director



As appointing authority, the executive director directs the management, administration, operations, information and technology services and training, and work product of the Missouri Public Service Commission. There are five distinct divisions comprised of attorneys, accountants, engineers, economists and other professional staff who support the commission by providing legal and technical expertise. The executive director is responsible for leading the agency's strategic planning; technical and administrative policy and procedure development and implementation; and budgeting process. The executive director ensures work product of professional and technical staff meets or exceeds substantive standards within prescribed deadlines and serves as liaison between the commissioners and staff, between the commission and the Department of Economic Development and serves as a primary contact with external entities as appropriate.

## Administration and Regulatory Policy Division

Dana K. Joyce, Director



The Administration Division is responsible for managing the Commission's human and fiscal resources. The division has agency-wide responsibilities with departments that are responsible for the annual budget, fiscal services and procurement, human resources and payroll. The Regulatory Policy and Public Information Department, another unit of the division, develops and distributes information to the media on agency activities, responds to media requests, and provides utility consumer educational materials. The Legislative Coordinator, the agency's primary contact person with the General Assembly, is also assigned to this division and assists in responding to constituent inquiries.

## Secretary/General Counsel Division

Steve Reed, Secretary/General Counsel



The General Counsel is authorized by statute to represent the Public Service Commission in all actions and proceedings, whether arising under the Public Service Commission Law or otherwise. Attorneys of the General Counsel's Office appear in state and federal trial and appellate courts on behalf of the commission. The General Counsel also provides legal advice to the commission and each commissioner as requested. When authorized by the commission, the General Counsel seeks civil penalties from persons or companies that have violated the Public Service Commission Law or the commission's regulations or orders. The General Counsel's Office also appears for the commission before the Federal Energy Regulatory Commission. Within the Secretary/General Counsel Division, the adjudication department is the PSC's quasi-judicial component. A staff of regulatory judges handles cases from their filing until their resolution. The assigned judge presides over the hearings, rules on objections and motions, and drafts all orders, as directed by the commission, for that particular case. The Data Center receives all incoming pleadings and issues all commission orders. In addition, the Data Center maintains and preserves the official case files, tariffs and other official documents of the commission.

## Staff Counsel Division

Kevin A. Thompson, Chief Staff Counsel



Attorneys of the Staff Counsel Division represent the commission's staff in administrative matters before the commission. The Staff Counsel Division also provides legal advice to the commission's staff. The division houses the Consumer Services Department, the clearinghouse for all utility consumer inquiries. Consumer Services investigates and responds to complaints to ensure compliance with commission rules and utility tariffs. When a consumer has an issue that is not satisfactorily resolved after an initial contact with the utility, the consumer may call the PSC consumer hotline 1-800-392-4211 for assistance.

## Utility Operations Division

Natelle Dietrich, Director



The Utility Operations Division is comprised of four departments: Telecommunications; Energy; Water and Sewer; and Manufactured Housing. It supports the commission in meeting its statutory responsibilities by providing technical expertise in safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. The Manufactured Housing Department is governed by Sections 700.010-700.692 of the Revised Statutes of Missouri. This department is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units; prescribing and enforcing uniform construction standards by conducting code inspections; and enforcing tie-down requirements. The division accomplishes its mission by making recommendations to the commission in the form of expert testimony, formal recommendations, and presentations.

## Utility Services Division

Robert Schallenberg, Director



The Utility Services Division consists of five departments that support the Public Service Commission by providing expertise in the areas of utility accounting, auditing, engineering, finance, management, and natural gas procurement. Division members perform audits, examinations, analysis, and reviews of the books and records of the utilities providing service in Missouri. These employees express their conclusions and findings in the form of expert testimony and recommendations filed with the commission. The division is also responsible for investigating and responding to consumer complaints and making recommendations to the commission regarding their resolution.



# Mission

The Missouri Public Service Commission regulates investor-owned public utilities operating in Missouri. The PSC has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC must balance a variety of often competing private interests to ensure the overall public interest.

## Jurisdiction and Goals

The Missouri Public Service Commission (PSC or commission) was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. Today, the PSC regulates approximately 800 investor-owned electric, natural gas, steam, telephone, and water and sewer utilities. In addition, the PSC regulates the operational safety of the state's 47 rural electric cooperatives and 42 municipally owned natural gas utilities. The PSC also regulates 170 manufacturers and 253 dealers of manufactured homes and modular units.

The PSC oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives, municipally owned electric utilities, investor-owned water and sewer utilities and public water supply districts. Under federal law, the PSC acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the PSC must assure the ratepaying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.

## Commissioners

The PSC consists of five commissioners who are appointed by the governor with the advice and consent of the Missouri Senate.

The governor designates one member as the chairman who serves in that capacity at the pleasure of the governor.

Commissioners are appointed to six-year terms. These terms are staggered so that no more than two

terms expire in any given year.

The PSC is both quasi-judicial and quasi-legislative. The PSC is responsible for deciding cases brought before it and for the promulgation of administrative rules and enforcement. Many of the PSC's actions or decisions involve hearings of contested cases, which by statute must be transcribed by a court reporter. Hearings are held in a trial-like setting using evidentiary standards under the Missouri Administrative Procedures Act. The PSC must render decisions in a timely manner to afford all parties procedural and substantive due process, and comply with statutory time limits.

## The PSC Staff

The commission is assisted by a staff of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The staff participates as a party in all cases before the PSC, conducting audits of the books and records of utilities and making recommendations to the PSC regarding what type of rate increase, if any, should be granted. PSC staff recommendations, like those filed by other parties to a proceeding, are evaluated by the commissioners in reaching a decision in a complaint case or rate case. The PSC has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the PSC staff to ensure compliance.

## Legislation

In 2009, the General Assembly passed and the governor signed one bill relating to utility regulation.

**SB 376** -- This bill establishes the Missouri Energy Efficiency Investment Act and changes the laws regarding the purchase of appliances with state funds, and dealt with energy assistance.

The PSC must allow electric companies to implement and recover costs related to PSC-approved energy efficiency programs. Cost recovery shall only occur when the program has been approved by the PSC, the program results in energy savings, and the program is beneficial to all customers in the class for which the program is proposed. In determining recovery of costs, the PSC shall use a cost-effectiveness test. The act allows the electric companies to implement certain programs that are paid for through alternate measures even if the programs do not meet the cost-effectiveness test.

The PSC may develop cost recovery methods to encourage further investments in energy efficiency programs, which may include capitalization of investments, rate design modifications, accelerated depreciation, and allowing the company to retain a portion of the net benefits for its shareholders. The PSC shall fairly apportion the costs and benefits of energy efficiency programs to each customer class except that it may reduce or exempt costs to low-income classes.

Customers may elect not to participate in an electric company's energy efficiency program and not be charged for the associated costs provided the customer meets certain criteria. Customers who elect not to participate will not be eligible to participate in the programs in the future, except as provided by rule by the PSC. Customers who participate in programs starting after August 1, 2009 must participate in the funding recovery for a certain period of time as established by rule by the PSC.

Electric companies must annually report on their energy efficiency activities under the act, with requirements as listed.

Electric companies must list out separately on its customers' bills the cost associated with its energy efficiency programs.

The act prohibits any customer from participating in a company's energy efficiency program that offers a monetary reward for participating if the customer has received a tax credit through the low-income housing or historic preservation tax credit programs. The PSC shall develop rules to prescribe documentation to be provided to the electric company by the customer to prove that he or she did not receive such tax credit. It shall be a Class A misdemeanor for providing false documentation.

The PSC must develop rules that provide for public disclosure of all the recipients of monetary rewards through energy efficiency programs offered by electric companies under the act.

The act requires any appliance purchased with state money until August 28, 2011 be an Energy Star rated appliance, unless it is cost-prohibitive.

The act also removed the requirement that commissioners of the PSC live within 40 miles of Jefferson City. This act was Truly Agreed to and Finally Passes on May 14, 2009. Governor Nixon signed this bill into law on July 13, 2009.

## Regulatory Policy and Public Information

In Fiscal Year 2009, the Public Information and Education Department issued 224 press releases on commission-related activities.

The department continued its education and outreach efforts by again distributing information at the Missouri State Fair.

The department also provided key support during local public hearings by facilitating an open question-and-answer session prior to the actual local public hearing in gas, electric, water and sewer rate cases. These sessions allow consumers the opportunity to ask questions about a rate case pending before the commission. The department produces detailed information sheets for use at these local public hearings.



*Chairman Robert Clayton (background) presides over a public hearing that was broadcast via teleconference.*

# Practice Before the Commission

The Secretary/General Counsel Division includes the Data Center, regulatory law judges and outside litigators. The division director is both the secretary of the PSC and the general counsel. The secretary is statutorily responsible for the records of the PSC and is specifically called upon to oversee the issuance of all PSC orders.

The Data Center is responsible for maintaining a complete and accurate record of every case that comes before the PSC. This department receives thousands of documents per month, each one of which must be reviewed, distributed and maintained in the electronic permanent case file. The Data Center also distributes hundreds of notices and orders each month.

The chief judge acts as the supervisor of the other regulatory law judges (RLJ). The RLJs receive training at the National Judicial College and at various utility seminars and conferences.

The RLJ assigned to a case prepares and issues procedural orders to provide notice and due process, so all parties have the opportunity for a full, fair and impartial hearing. The RLJ ensures the creation of a complete and competent record upon which the commission may base its decision.

Pursuant to the instructions and substantive guidance from the commission, the RLJ writes the decision and remains responsible for the case through the effective date of the final order.

## The Hearing Process

The commission holds evidentiary hearings that are similar to a court proceeding, in which witnesses are sworn, testimony is given and a court reporter records the proceedings. As an administrative case, the rules of evidence are used in determining whether testimony should be stricken or whether an objection should be sustained. In addition, counsel for parties make arguments and formal statements to the commission and file briefs after the hearing. The commission bases its decision on the record in the case.

The commission holds hearings on all manner of disputes between utilities or between utilities and

ratepayers. It also hears cases on rate changes, complaints brought by the staff or the public counsel and other matters related to the provision of utility service in Missouri.

Depending on the nature of the dispute and the complexity of the issues, the hearing can be live, with witnesses called to testify; can involve pre-filed written testimony on which the witnesses are cross-examined at hearing; or may be submitted with all the facts agreed to, so that the commission hears only arguments about the law. The commission also holds local public hearings, giving members of the community an opportunity to express their opinions. Local public hearings are generally held in rate cases, rule proposals, service complaint cases or other cases in which input from the public will assist the commission in making its decision.

## The Mediation Process

Some of the judges have been trained as mediators. If parties request mediation, a judge other than the one assigned to the case will meet with the parties and facilitate negotiations in the hope that the case can be resolved by mutual agreement. In the past, mediation was provided by an outside mediator, but those tended to be fruitless since the mediator knew little or nothing about utility law. Process improvement led to the additional training of judges to be in-house mediators, which has met with greater success.

## The Rate-Making Process

Before a regulated utility can change a rate or service, it must file a tariff with the new rates with the commission. For electric, natural gas or large water and sewer utilities, the traditional process includes the tariff and testimony in support of the rate change. The commission, in setting or altering rates, must consider all relevant factors, so the case usually encompasses all of the regulated aspects of the utility's business. When issues are complex, the commission suspends the proposed tariffs for a specified period; existing rates remain in effect during that period. By law, the commission has 11 months from the date the rate case is filed to make a decision on the proposal.

In response to the utility's rate case filing, the PSC staff will independently investigate the company's books, records and operations and file testimony in support of or against the proposed rate change. Intervenors, such as the public counsel, consumer groups, or industrial customers, become parties to the rate case and file testimony in support of or against the proposed rate change as well.

Parties meet for pre-hearing conferences to discuss settlement of any or all issues in the case, to discuss the mechanics of the case (such as deadlines or presentation order) and to settle on a list of the issues to be determined in the case.

If the parties settle any or all issues, the commission will review the agreement to ensure that it is reasonable and in the public interest.

After the hearing and legal briefing, the commission will meet and determine which, if any, rates may change. The commission will only authorize rate changes that are fair and reasonable. The company must be allowed the opportunity to make enough money to meet reasonable expenses, pay interest on debts, and provide a reasonable return to stockholders. The commission issues its decision through a written report and order. That order is subject to appeal to a court by any of the participants

in the case, except the Public Service Commission staff.

## Other Rate Procedures

Many telecommunications providers in Missouri are either under price cap regulation, or are not price regulated, which allows them to adjust rates with a tariff change, but no rate case. In such matters, the PSC staff reviews the proposed tariff change.

Special rules apply for water and sewer companies with fewer than 8,000 customers in Missouri, which can seek rate changes informally (larger companies must use the rate case procedure).

## Weekly Agenda Meetings

The Public Service Commission holds weekly agenda meetings to discuss various cases, policies and rulemakings, and to issue its decisions. Those meetings are open to the public and are webcast on the PSC's website.

For the first time in recent memory, the commission held agenda meetings outside of Jefferson City. An agenda meeting was held on July 8 in St. Louis and another agenda session was held in Kansas City on September 9.

# Utility Issues

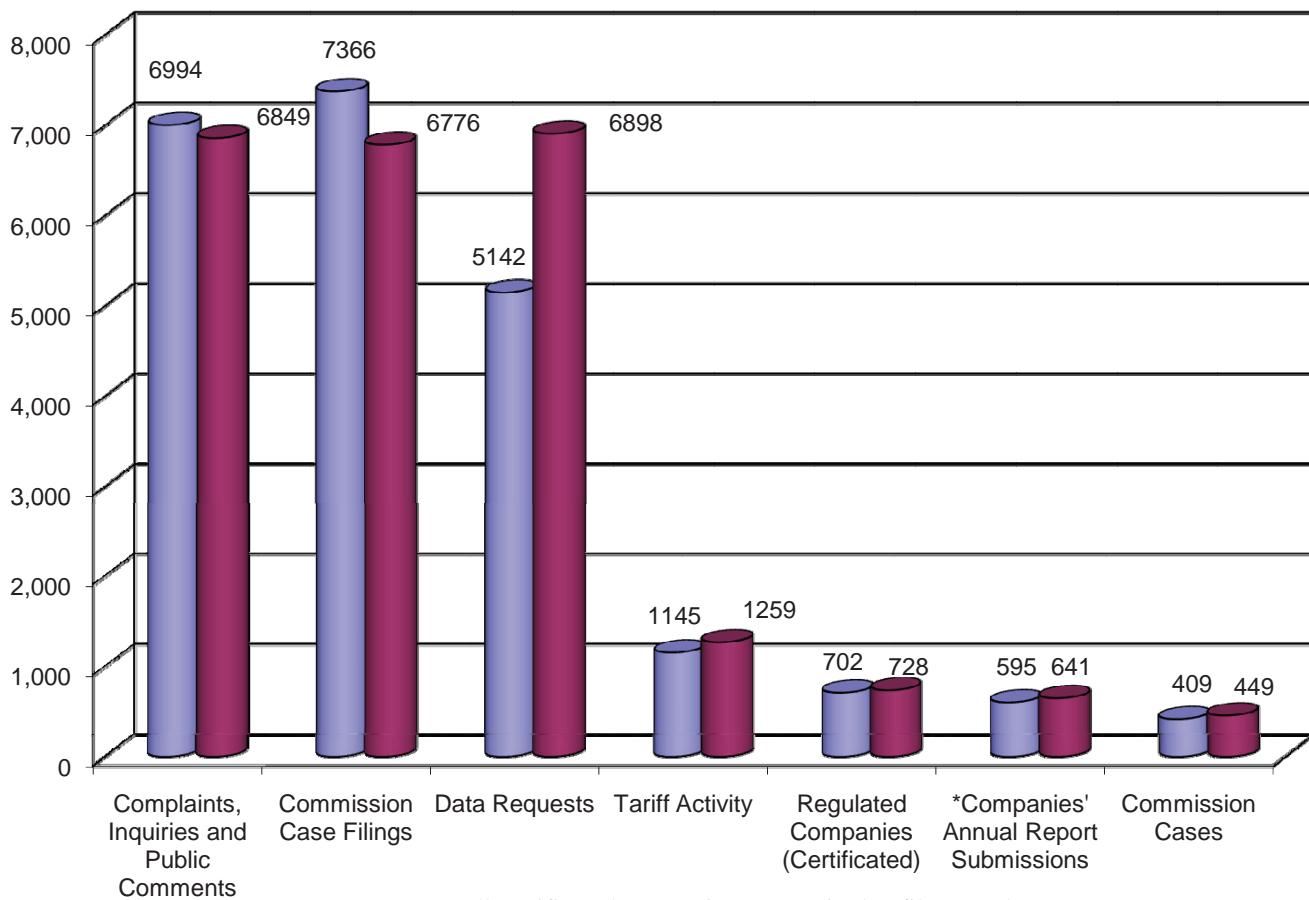
## Missouri PSC Authorized Number of Employees vs. Workload (2008- 2009)

Figures Quoted as of 9-23-2009

FY 2008 Staffing = 200.5 FTE

FY 2009 Staffing = 202 FTE

■ 2008 ■ 2009



\* Not all certificated companies are required to file annual reports.

## ELECTRIC

### PSC Staff Storm Outage and Restoration Report

In January 2009, AmerenUE again faced a massive outage resulting from a severe ice storm that devastated southeastern Missouri. In April 2009, the commission directed the PSC staff to investigate AmerenUE's response to the outages that resulted from the ice storm. The commission directed staff to evaluate the effectiveness of the storm response improvements implemented by AmerenUE following the 2007 ice storm. Staff completed that investigation

and filed its final report on June 15, 2009.

Staff's report concluded that AmerenUE applied the lessons it learned from previous storm restoration events to improve its response to the latest ice storm. As a result, AmerenUE was able to restore power to its customers faster and was able to assist other electric providers that were also facing massive outages following the storm. The commission concluded that no further investigation was required.

## Missouri Electric Rates

Electric rates across the nation, including Missouri, are rising due to the demand for additional energy. However, electric rates for Missouri's residential, commercial and industrial customers continue to be among the lowest in the nation. Through the efforts of the PSC, Missouri's electric utilities and various parties that have participated in proceedings before the commission, all classes of Missouri customers benefit from low electric rates while receiving safe and reliable service.

The United States Energy Information Administration (EIA), a non-partisan office in the federal Department of Energy, annually ranks states according to their average rates in cents per kilowatt-hour. In 2008, Missouri electric rates for residential, commercial and industrial customers were lower than the national average. (See tables on this page.)

## COMMISSION RULEMAKINGS

### Electric Service Reliability Rules

With the goal of increased electric service reliability for customers, the PSC adopted rules in the summer of 2008 which require the state's four investor-owned electric companies to do more extensive tree-trimming and develop detailed vegetation management plans. A third rule adopted by the commission establishes reliability monitoring and reporting requirements. The first of the reports required by these rules was filed in July 2009. Various reporting requirements were met throughout the year which show the progress of the utilities in meeting these rules.

### Electric Utility Resource Planning Rule Revisions

The PSC staff held four days of workshops with interested stakeholders to gather input on revising Chapter 22 Electric Utility Resource Planning. These workshops included participants from the investor-owned electric utilities, the Office of Public Counsel, the Missouri Department of Natural Resources, and consumer groups. At these workshops, proposed revisions to the rules were reviewed and input was sought from stakeholders. The staff will continue to work with stakeholders with the goal of having Chapter 22 revised by the summer of 2010.

## RESIDENTIAL

### Avg. Revenue

State Name	Avg. Revenue (cents/kWh)	State Rank
Idaho	7.01	1
West Virginia	7.03	2
Nebraska	7.82	5
Kentucky	7.97	6
<b>Missouri</b>	<b>8.03</b>	<b>7</b>
Tennessee	8.81	12
Kansas	8.98	14
Oklahoma	9.25	16
Arkansas	9.46	17
Iowa	9.72	19
Illinois	11.07	32
<b>U.S. Average</b>	<b>11.35</b>	
Connecticut	19.36	49
Hawaii	32.50	50

## COMMERCIAL

### Avg. Revenue

State Name	Avg. Revenue (cents/kWh)	State Rank
Idaho	5.72	1
West Virginia	6.06	2
<b>Missouri</b>	<b>6.59</b>	<b>3</b>
Nebraska	6.64	4
Kentucky	7.25	10
Iowa	7.28	11
Kansas	7.55	13
Arkansas	7.76	16
Oklahoma	8.04	19
Illinois	8.53	21
Tennessee	9.02	26
<b>U.S. Average</b>	<b>10.27</b>	
Massachusetts	16.05	48
New York	16.45	49
Hawaii	29.72	50

## INDUSTRIAL

### Avg. Revenue

State Name	Avg. Revenue (cents/kWh)	State Rank
West Virginia	4.20	1
Idaho	4.50	2
Wyoming	4.51	3
Kentucky	4.81	5
Iowa	4.86	6
<b>Missouri</b>	<b>4.98</b>	<b>8</b>
Nebraska	5.05	9
Oklahoma	6.01	19
Arkansas	6.04	20
Tennessee	6.13	21
<b>U.S. Average</b>	<b>7.02</b>	
Illinois	7.83	32
Rhode Island	14.22	48
Hawaii	26.05	49

Source: US Energy Information Administration - 12 months ending December 2008 -Table 5.6.B, *Electric Power Monthly*, March 2009

## Renewable Energy Standards Rulemaking

In November 2008, the citizens of Missouri passed Proposition C which requires Missouri investor-owned utilities to meet certain renewable energy standards in the future. After passage of Proposition C, the PSC staff began working on rules to enact it. The staff held three workshops where it received input from the electric utilities, the Office of Public Counsel, the Missouri Department of Natural Resources and from several representatives of the wind and solar industries. The commission is currently considering a draft rule.

## Net Metering Rule

A revised Net Metering Rule became effective February 2009. The rule, adopted by the commission in October 2008, established guidelines for customers of investor-owned electric utilities who have the ability to generate their own renewable energy and included a requirement that customers generating electricity carry liability insurance. The revised rule removes the requirement of liability insurance for customers who generate 10 kilowatts or less of electricity. Customers generating more than 10 kilowatts are still required to carry no less than \$100,000 of liability insurance.

## ELECTRIC RATE CASES

**Kansas City Power & Light Company (Case No. ER-2009-0089)** -- In accordance with its regulatory plan approved by the commission on July 28, 2005, Kansas City Power & Light Company (KCPL) filed its third electric rate case with the PSC on September 5, 2008 requesting an increase of \$102 million.

KCPL stated that it needed the increase because the costs of operation, maintenance, fuel and purchase power, net of off-system sales margins, and additional investments in plant and expenses had resulted in a revenue deficiency. In addition, KCPL was adding emissions reduction equipment at Iatan Unit 1 transmission and distribution infrastructure.

The commission approved an agreement which granted an increase of approximately \$95 million, effective September 1, 2009. The agreement was reached by consumer advocates, large industrial customers, KCPL and the PSC staff.

## KCP&L Greater Missouri Operations Company - Electric (Case No. ER-2009-0090)

-- On September 5, 2008, KCP&L Greater Missouri Operations Company (GMO) filed an electric rate case to increase annual electric operating revenues by approximately \$66 million for its operations serving the territory it formerly served as Aquila Networks-MPS (MPS) and by approximately \$17.1 million for its operations serving the territory it formerly served as Aquila Networks-L&P (L&P). GMO stated that a substantial portion of the requested increase for GMO was directly related to plant additions, and emissions equipment at Sibley Unit 3 and the Iatan Unit 1.

The commission approved an agreement which granted an electric rate increase of approximately \$48 million for its operations serving the territory it formerly served as MPS and approximately \$15 million for its operations serving the territory it formerly served as L&P. The rate increase went into effect for service on and after September 1, 2009.

## Union Electric Company d/b/a AmerenUE

**(Case No. ER-2008-0318)** -- On April 4, 2008, AmerenUE filed an electric rate case with the PSC seeking to increase annual electric revenues by approximately \$251 million. AmerenUE stated that the rate increase was needed due to the company's increased costs of providing electric service to its customers.

The commission granted an electric rate increase of approximately \$162.6 million effective March 1, 2009. As part of its decision, the commission granted a fuel adjustment clause with a 95 percent pass through of fuel expenses. The commission rejected AmerenUE's request to include certain Callaway II construction and operating license application costs in electric rates.

## The Empire District Electric Company (Case No. ER-2008-0093)

-- On October 1, 2008, The Empire District Electric Company filed an electric rate case with the PSC seeking to increase annual electric revenues by approximately \$34.7 million.

Empire stated the increase was necessary to address increased fuel and purchased power costs, to make capital additions to its system, including the Riverton 12 generating plant and pollution control facilities at the Asbury power station, to off-set costs

related to ice-storm damage and to continue Empire's experimental regulatory plan that includes participation in the construction and ownership of the Iatan II power plant.

In a decision issued on July 31, 2009, the commission granted a rate increase of approximately \$22 million. As part of its decision, the commission granted a fuel adjustment clause with a 95 percent pass through of fuel expenses.

#### **KCP&L Greater Missouri Operations Company - Steam (Case No. HR-2009-0092) --**

On September 5, 2008, KCP&L Greater Missouri Operations Company (GMO) filed a rate case to increase annual steam operating revenues for its L&P steam division by approximately \$1.3 million. GMO stated that a substantial portion of the proposed increase for L&P steam was directly related to fuel and other operating costs.

The commission approved an agreement reached between the PSC staff, the Office of the Public Counsel, KCP&L Greater Missouri Operations Company and Ag Processing, Inc. which granted an increase in annual base rate steam operating revenues of approximately \$384,000 effective July 1, 2009. The agreement continued a fuel adjustment mechanism first established in February 2006. The fuel adjustment mechanism allows GMO to file new steam rates quarterly. Rates can increase or decrease based upon GMO's actual fuel costs for that quarter.

#### **Trigen-Kansas City Energy Corporation**

**(Case No. HR-2008-0300) --** On March 11, 2008, Trigen-Kansas City Energy Corporation filed a steam rate case with the PSC. Trigen sought to increase annual steam revenues by approximately \$1.2 million. Trigen had not had a rate adjustment since 1990 and stated that it sought rate relief to recover the increased costs of fuel, operations and maintenance expenses, and net plant.

The PSC staff's direct case, filed on August 1, 2008, determined that Trigen's revenue requirement deficiency was in excess of Trigen's requested increase. On September 18, 2009, the commission approved an agreement which granted an increase in annual steam revenues of approximately \$1.22 million effective November 1, 2009.

## **OTHER ELECTRIC UTILITY ACTIVITY**

#### **Commission Approves Aquila Acquisition**

On July 1, 2008, the commission approved the acquisition of Aquila, Incorporated by Great Plains Energy, Incorporated. Great Plains Energy, Kansas City Power & Light and Aquila, Incorporated had filed an application with the PSC seeking authority for a series of transactions whereby Aquila would become a direct, wholly-owned subsidiary of Great Plains Energy.



*New construction at the Iatan 2 plant near Weston.*

Approval by the PSC came with a number of conditions. One such condition is that any post-merger financial effect of a credit downgrade of Great Plains Energy Incorporated, Kansas City Power & Light Company and/or Aquila, Inc., that occurs as a result of the merger, shall be borne by the

shareholders of the companies and not the ratepayers.

As part of its conditions for approval of the merger, the commission required Great Plains Energy, Kansas City Power & Light and Aquila, Incorporated to implement a synergy savings tracking mechanism. In addition, Kansas City Power & Light and Aquila will be required, on a quarterly basis, to engage in periodic customer service performance reviews.

Great Plains renamed Aquila soon after the merger to KCP&L Greater Missouri Operations Company.

#### **Certificate of Convenience and Necessity Granted for South Harper Units**

On March 18, 2009, the commission approved an agreement which granted KCP&L Greater Missouri Operations Company (GMO) certificates of convenience and necessity for the South Harper power plant and the Peculiar 345 kV (kilovolt) substation. Both

facilities are located in Cass County. The commission stated that granting the application was in the public interest and that the facilities would improve the reliability of GMO's transmission system, improve the overall efficiency and economics of GMO's transmission operations and provide reactive power to control voltage on the transmission network.

### **AmerenUE Resource Plan Compliance Filing**

AmerenUE filed documentation of its resource planning process in compliance with the commission's Chapter 22 Electric Utility Resource Planning rules on February 5, 2008. The PSC staff and other parties filed reports regarding compliance on June 19, 2008. On August 12, 2008, a partial stipulation and agreement was filed by some of the parties. However, some alleged deficiencies remained unresolved. The commission directed AmerenUE and the other interested parties to look forward to AmerenUE's next resource plan filing which the commission ordered to be filed on February 5, 2011.

### **State Of The Electric Industry Presentation**

On June 22, 2009, the commission held a *State of the Electric Industry* presentation in Jefferson City. Topics discussed included demand growth, energy efficiency, financing alternatives and the current credit/capital markets for utilities in the coming years. This was particularly timely with the introduction of the Waxman-Markey Climate Change legislation, which among other things outlines standards for carbon emissions. A second presentation was held in August.

## **FEDERAL ACTIVITY IN ELECTRIC Southwest Power Pool**

During the 2009 fiscal year, the PSC was very involved in issues related to allocating the costs of transmission upgrades related to both reliability and economic concerns within the Southwest Power Pool (SPP) region.

SPP's Synergistic Project Planning Team (SPPT) developed a white paper in April, changing SPP's direction from constructing transmission projects on a reactive basis (after generation plants had already been built) to a prospective basis (where future generation is expected to be built). The SPPT's paper set out the goal of moving from multiple cost allocation

methodologies for different types of transmission projects to a single methodology that could be used for all projects. Additionally, the SPPT asked for a set of "Priority Projects" to be built during the transition process to the new methodology.

The Cost Allocation Working Group (CAWG), chaired by the Missouri Public Service Commission's chief economist, Michael Proctor, worked to develop the single cost allocation methodology. In addition, the CAWG worked to construct a cost allocation methodology for the "Priority Projects", including determining if existing methodologies could be modified to suit the purpose.

The Regional Tariff Working Group (RTWG) worked diligently throughout the year to implement the Balanced Portfolio of transmission projects, designed to provide cost-effective savings in production costs. The RTWG designed language to provide examples of how to implement the Balanced Portfolio to ensure that all parties reading the tariff had a clear understanding of the requirements.

Because the region is robust in high efficiency locations for renewable wind generation, significant resources were devoted to developing proposals for an Extra High Voltage (765 kV) transmission overlay in the SPP. This system will be required if additional wind farms are added in the region. Several economic studies are planned to evaluate the benefits from these resources.

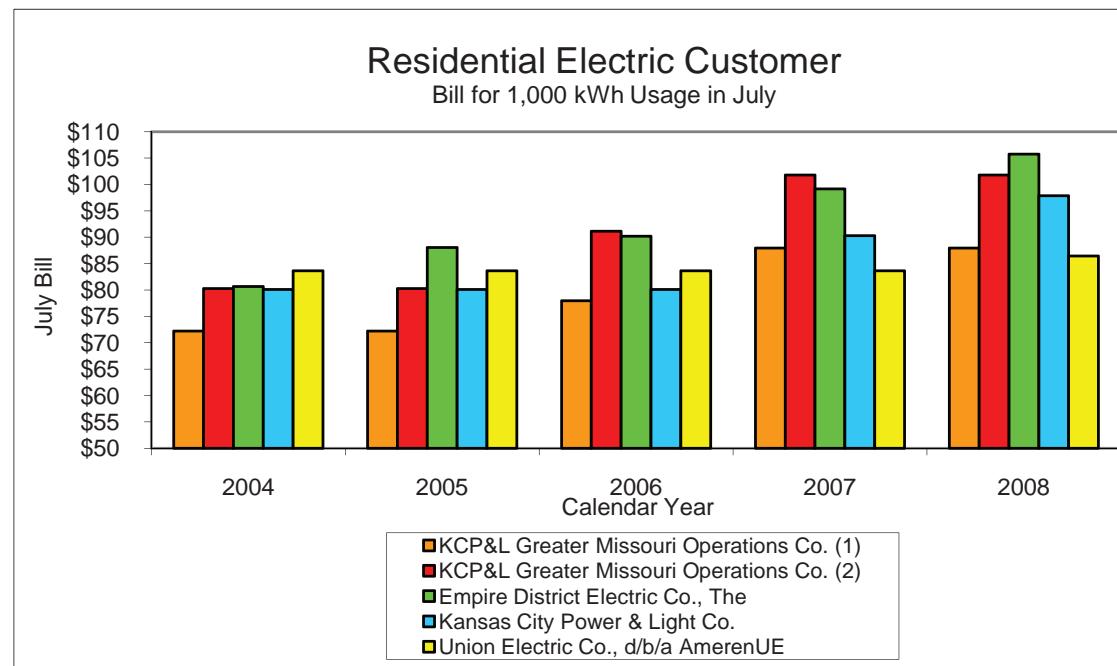
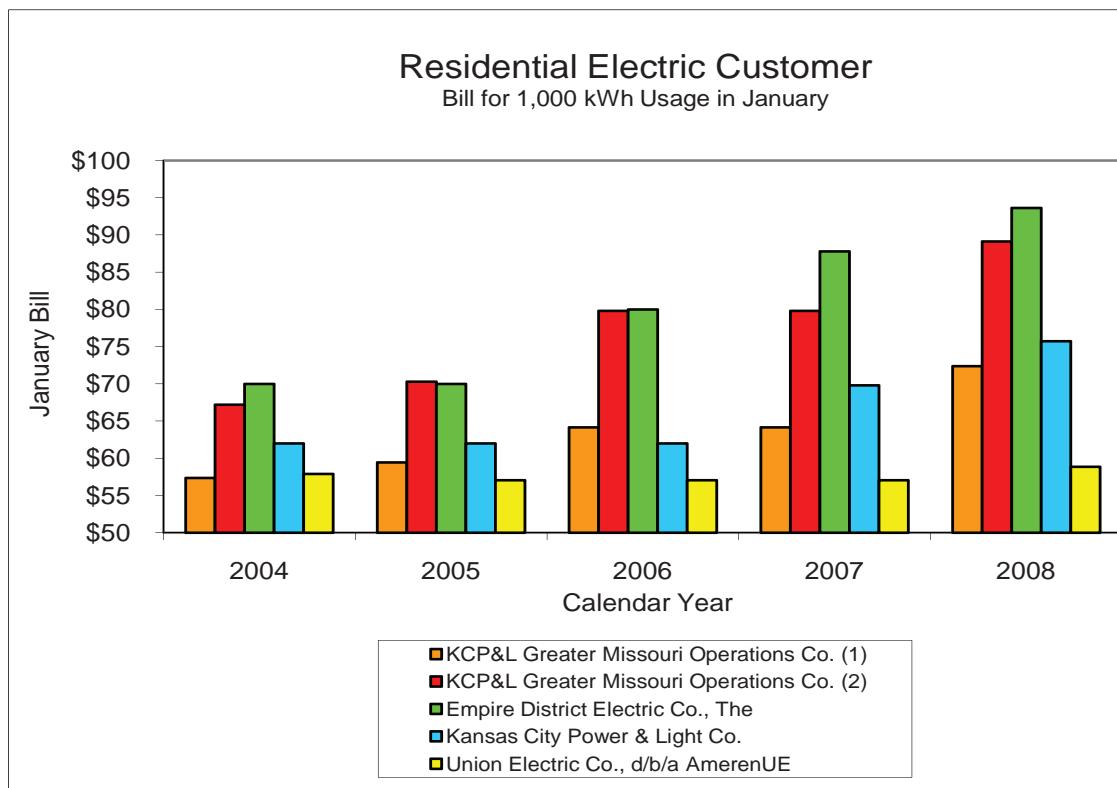
### **Midwest ISO**

The Organization of MISO states (OMS), of which Missouri PSC Commissioner Jeff Davis serves on the board, was deeply involved with the Midwest ISO's filing on resource adequacy. Midwest ISO filed, with the Federal Energy Regulatory Commission, a change in the Module E portion of the tariff, allowing certain types of price responsive demand to count toward resource adequacy.

A major project in the Midwest ISO is the implementation of markets for regulating and operating reserves.

Regulation is a service that is automatically provided through generators designated to maintain the instantaneous balance between the demands for power from end-users and the generation required to supply that power. This service is complicated by

## Average Electric Bills for Customers in January and June (Based on 1,000 kWh Usage)



(1) Formerly Aquila Networks - L&P  
(2) Formerly Aquila Networks - MPS

schedules for imports into and exports out of the MISO markets.

Operating reserves are particularly needed as quick start back-up in case on-line generation or transmission is forced out of service through unplanned shut downs for emergency reasons. Significant time was spent testing the software and communications systems required to begin the operations of these markets.

Midwest ISO also held meetings in its Cost Allocation and Regional Planning (CARP) process, in order to best plan for the future needs for transmission through the Midwest ISO footprint, and how to pay for projects meeting those needs.

## NATURAL GAS

### Natural Gas Prices Drop; Consumers Still Urged To Be Energy Efficient

Approximately 65% to 75% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost the local natural gas company must pay to its suppliers for natural gas) is not regulated by the commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. Natural gas utilities pass the cost of natural gas to customers through a Purchased Gas Adjustment (PGA) charge.

In June 2008, the PSC issued a consumer alert regarding the potential for significant increases in natural gas bills due to the high cost of natural gas. At that time, companies had made or were making filings with the commission reflecting increases in current natural gas rates of between 18 and 44 percent. Consumers were advised that if gas prices did not change, the impact on bills for the winter of 2008-2009 would be significant.

Fortunately, the threat of high natural gas prices did not materialize. Instead, the wellhead price of natural gas dropped. In response, all the regulated natural gas companies were able to lower their PGAs during the fiscal year.

Even with natural gas prices lower than they have been in recent memory, the commission continues to

encourage customers to be energy efficient and to take control of their energy costs. Consumers are urged to prepare...conserve...save.

### Missouri Gas Energy's Rate Case

On April 1, 2009, Missouri Gas Energy (MGE) filed a rate request with the commission seeking to increase annual operating revenues by approximately \$32.4 million or an average of \$5.21 per residential customer.

MGE stated the proposed increase was needed to recover increased costs in providing service to its customers. MGE is requesting to continue the straight fixed variable rate design (SFV) for its residential class and to extend that to its small general service classes.

Formal hearings are scheduled for late October through early November 2009.

### Empire District Gas Company's Rate Case

On June 5, 2009, Empire District Gas Company (Empire) filed a rate request with the PSC seeking to increase annual operating revenues by approximately \$2.9 million or an average increase of \$4.83 per residential customer per month.

In its rate request, Empire is seeking to adopt the straight fixed variable rate design for its residential and small general service classes.

Formal hearings are scheduled for early to middle January 2010.

### Missouri Gas Utility Expands Its Service Territory

Missouri Gas Utility (MGU) filed applications (GA-2009-0264 and GA-2009-0422) with the PSC seeking a certificate of convenience and necessity (CCN) for authority to provide natural gas service to Green Ridge, Cole Camp, Warsaw and surrounding incorporated areas. It also sought approval for an extension of its natural gas line into Benton County.

The commission granted a CCN to MGU to provide natural gas service to these towns and other incorporated areas on April 29, 2009 and July 8, 2009 respectively.

## Infrastructure System Replacement Surcharge (ISRS)

On August 14, 2008, Atmos Energy Corporation requested the commission grant it an Infrastructure System Replacement Surcharge (ISRS) to recover infrastructure replacement investments made by the company from October 1, 2006 through March 31, 2008.

After reviewing the PSC staff recommendation and other documents filed in the case, the commission approved Atmos' ISRS effective November 4, 2008.

## NATURAL GAS SAFETY

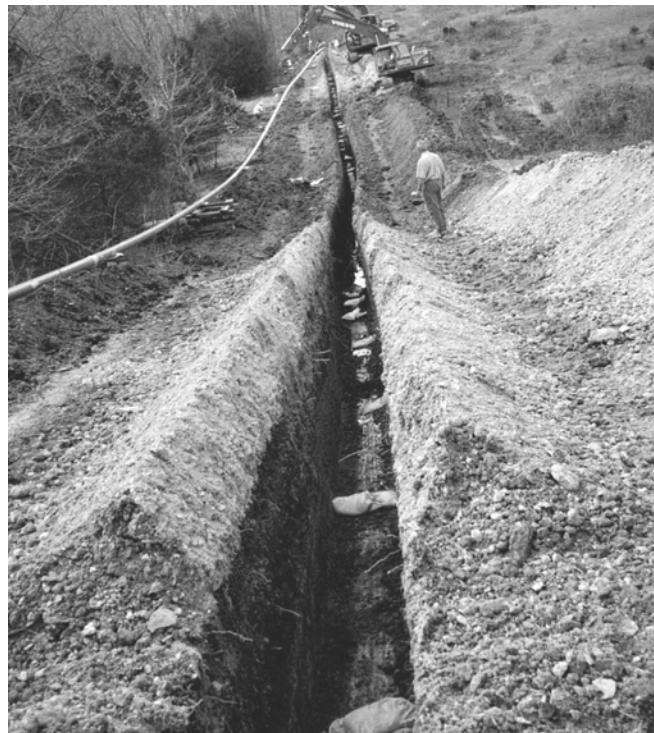
### Gas Safety/Engineering Activities

The PSC's pipeline safety program is carried out by the gas safety/engineering staff of the Utility Operations Division's Energy Department. Gas safety/engineering inspectors are involved in an on-going field inspection program consisting of annual comprehensive pipeline safety code compliance inspections of the jurisdictional natural gas operators. In addition, specialized code compliance inspections, follow-up inspections, gas incident investigations, construction and safety-related consumer complaint investigations are also conducted.

The commission has pipeline safety jurisdiction over four intrastate transmission pipelines, seven investor-owned natural gas distribution utilities, 42 municipally owned natural gas distribution systems, a gas distribution system operated on the Department of Defense facility at Fort Leonard Wood and two piping systems supplying landfill gas (one to a high school and one to a large industrial customer), a pipeline serving a steam generation plant and a pipeline serving a power generation/ethanol plant. These operators are divided into approximately 100 separate units for inspections, which include about 700 miles of transmission pipelines, approximately 26,400 miles of mains, and approximately 1.5 million service lines.

### Missouri Association of Natural Gas Operators

The Missouri Association of Natural Gas Operators (MANGO) is a nonprofit organization comprised of Missouri natural gas operators (investor-owned and municipal systems). These operators work together with the PSC gas safety/engineering staff to enhance the operations and safety of natural gas systems throughout the state.



*PSC staff member Rick Fennel inspects a pipeline project.*

MANGO works with the PSC to review existing regulations, clarify interpretations and provide support in developing new regulations. The goal is to work together to address operations, maintenance, and emergency response issues, as well as potential hazards (such as directional drilling, defective materials, and other issues) and to foster continuing dialogue to operate Missouri natural gas systems as safely as possible.

The PSC and MANGO hold quarterly meetings to stay current on issues/trends in the industry and other issues affecting the operators' operations. In addition, the PSC and MANGO sponsor an annual pipeline safety seminar to help train and educate operators on a wide variety of pipeline and pipeline safety issues, including installation, operations, maintenance, emergency response, and products used in the industry.

## FEDERAL NATURAL GAS ACTIVITIES

Among other things, the Federal Energy Regulatory Commission (FERC) regulates interstate natural gas pipeline companies. Decisions by the FERC directly impact Missouri natural gas consumers. The PSC actively participates in company-specific and

generic proceedings at FERC, focusing on those pipelines having the greatest impact on Missouri consumers and/or those where representation of Missouri interests is otherwise limited or absent. The PSC participates in FERC cases and related judicial proceedings to ensure that Missouri consumers receive reliable natural gas service at reasonable rates.

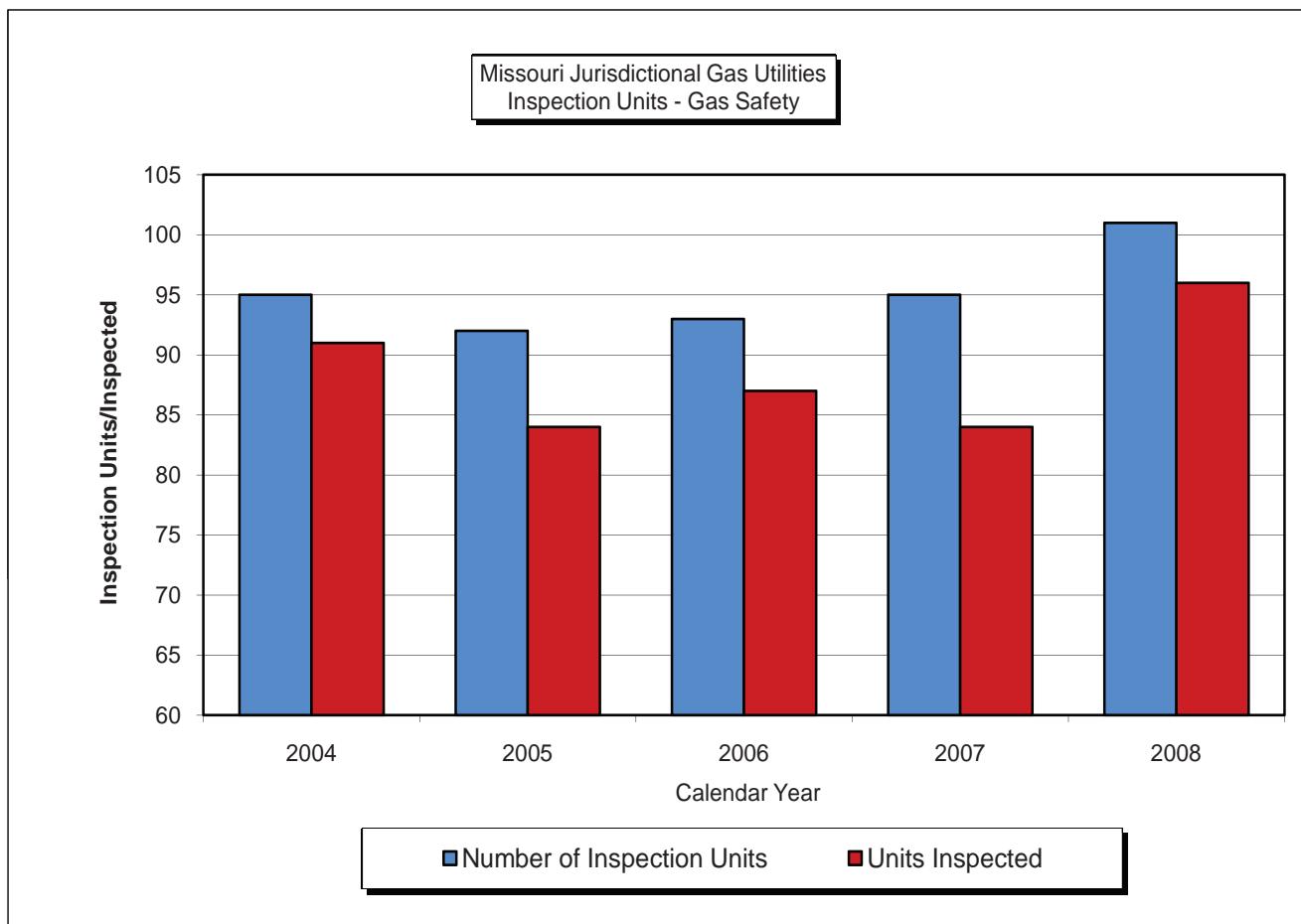
Missouri's Local Distribution Companies (LDCs), including both natural gas utilities and electric utilities, that generate energy with natural-gas-powered combustion turbines, must rely on FERC-regulated interstate pipelines for storage and delivery of their natural gas supplies. Currently 11 interstate pipelines physically located within the boundaries of the state of Missouri serve Missouri utility companies, with an additional 4-6 upstream pipelines providing transportation and, in some cases, storage service.

The three pipelines delivering a majority of the state's natural gas to Missouri LDCs are: Panhandle Eastern Pipe Line Company, LP (Panhandle), Southern Star Central Gas Pipeline Inc. (Southern Star), and CenterPoint Energy-Mississippi River Transmis-

sion Corporation (MRT). Both Panhandle and Southern Star serve a number of systems across the state. Southern Star has several pipelines that serve the Kansas City, St. Joseph, Springfield and Joplin areas as well as a small lateral terminating in St. Louis. Panhandle serves Kansas City, central Missouri and St. Louis. MRT serves St. Louis and portions of southeast Missouri.

### Southern Star Rate Case

The Federal Issues/Policy Analysis Department spent much of its time through the end of 2008 analyzing the Southern Star rate case (FERC Docket No. RP08-350), which was filed on April 30, 2008. Southern Star was required to file a rate case as a condition of the settlement in Southern Star's prior FERC rate case. Southern Star requested that FERC approve an approximate \$80 million rate increase based on Southern Star's proposed annual cost of service of \$254.7 million. Southern Star completed a number of pipeline replacement and storage field enhancement projects since the last rate case resulting in additional plant in service. Southern Star is also in



the process of completing extensive United States Department of Transportation (DOT) pipeline safety testing requirements which have added to the cost-of-service. Other operating costs have also increased over time.

In November, the PSC participated in a settlement conference at FERC with Southern Star and the other parties to the rate case. A number of issues were raised to challenge Southern Star's proposed increase. The PSC proposed specific adjustments that led to millions of dollars in reductions to the proposed rates. The Kansas Corporation Commission (KCC) was also instrumental in negotiating the reduced cost-of-service. Through a week of negotiations, Southern Star and the parties agreed to reduce the proposed rates by over \$47 million annually, resulting in significant savings for Missouri's natural gas consumers.

### **Other Southern Star Cases of Interest**

The regulation of Kansas storage fields by the KCC has led to more stringent environmental guidelines that are being addressed in Southern Star's FERC storage field cases. Southern Star has filed at FERC for approval to complete improvement/expansion projects at four of its Kansas natural gas storage fields. The PSC has intervened in two of these FERC cases (Docket No. CP07-89, North Welda Storage Field and Docket No. CP08-4, South Welda Storage Field). The migration of natural gas out of the storage fields and the alleged venting of natural gas from the storage fields due to drilling by oil well producers have contributed to increased fuel losses. Southern Star's improvements and expansions at the natural-gas-storage fields should help reduce the amount of fuel lost from these fields, resulting in reduced costs to Missouri consumers.

Southern Star completed a pipeline section replacement in Johnson County, Missouri (Docket No. CP08-53, filed January 15, 2008) and issued its final environmental report to FERC on February 6, 2009. Southern Star also completed its replacement of equipment at its Hesston compressor station in Harvey County, Kansas (Docket No. CP08-73, filed February 15, 2008) and filed its post-construction noise level survey on June 2, 2009. The PSC intervened in both of these cases.

On January 21, 2009 Southern Star filed Docket No. CP09-50 to replace approximately two miles of 12 inch pipeline near Warrensburg, Missouri with 20 inch pipeline. This project is a continuation of Southern

Star's replacement of pipeline sections originally placed in service during the 1930s. Southern Star will continue with additional phases of its pipeline replacement program in Missouri over the next 3-5 years. The PSC intervened in this case and continues to monitor weekly construction reports filed by Southern Star at FERC. The reports continue to demonstrate Southern Star's willingness to work with property owners during the construction process.

### **Fuel Tracker Cases**

The PSC continued to oppose inclusion of the cost of gas losses in fuel adjustment cases, when the losses are not the type of losses FERC rules permit. FERC has ruled in recent cases that gas losses from pipeline failures and ruptures should not be recoverable from customers through the fuel mechanism filing. Interstate pipelines may only address the recovery of these types of losses in a future FERC rate case filing.

The PSC has intervened in a number of FERC proceedings filed by interstate pipelines to set their Fuel and Lost-and-Unaccounted-for-Gas (LUFG) rates, which are recovered by requiring shippers to put extra gas into the system. This extra gas that shippers must put into the system for the pipeline's use is typically used in two ways: for compression and to replace gas that is lost or unaccounted for in the transportation process. Gas may be lost from a pipeline leak or during repair and maintenance of the pipeline. The shipper LDCs in Missouri pass through the costs of the extra gas to their customers. The FERC allows pipelines to adjust these rates between rate cases based upon the actual usage experienced during the last period. The majority of these Fuel and LUFG rate filings are accepted and approved by FERC without question. PSC interventions allow Missouri to raise questions and participate in the proceedings and in any settlement discussions that may occur.

The PSC filed an intervention and protest in Southern Star's fuel case (FERC Docket No. RP09-115). The PSC challenged Southern Star's inclusion of 49,032 Dth of gas losses from its South Welda gas storage field that was not related to normal pipeline operations. The PSC was pleased that, in its December 30, 2008 order, FERC agreed with the PSC stating: "Such extraordinary losses are more appropriately recovered through a pipeline's insurance or the normal ratemaking process".

The PSC filed an intervention and protest in CenterPoint Energy Gas Transmission (CEGT) fuel case (FERC Docket No. RP09-463). CEGT included losses from a gas line rupture in the calculation of fuel loss charge to be recovered from customers. The PSC again challenged the inclusion of the gas line rupture in the fuel case. FERC again agreed with the PSC and stated that these types of leaks are specifically determined to be unrecoverable in fuel tracking mechanisms. FERC's April 30, 2009 order in this case specifically sets out the requirement that interstate pipelines not attempt to pass these types of losses to their customers in the fuel charge.

The Quest Pipeline (KPC) fuel case (FERC Docket No. RP09-483) was also a case of interest to the PSC. While we filed an intervention in the case, the KCC protested KPC's fuel calculations. Questions raised by the KCC led to recalculation of KPC's fuel rates.

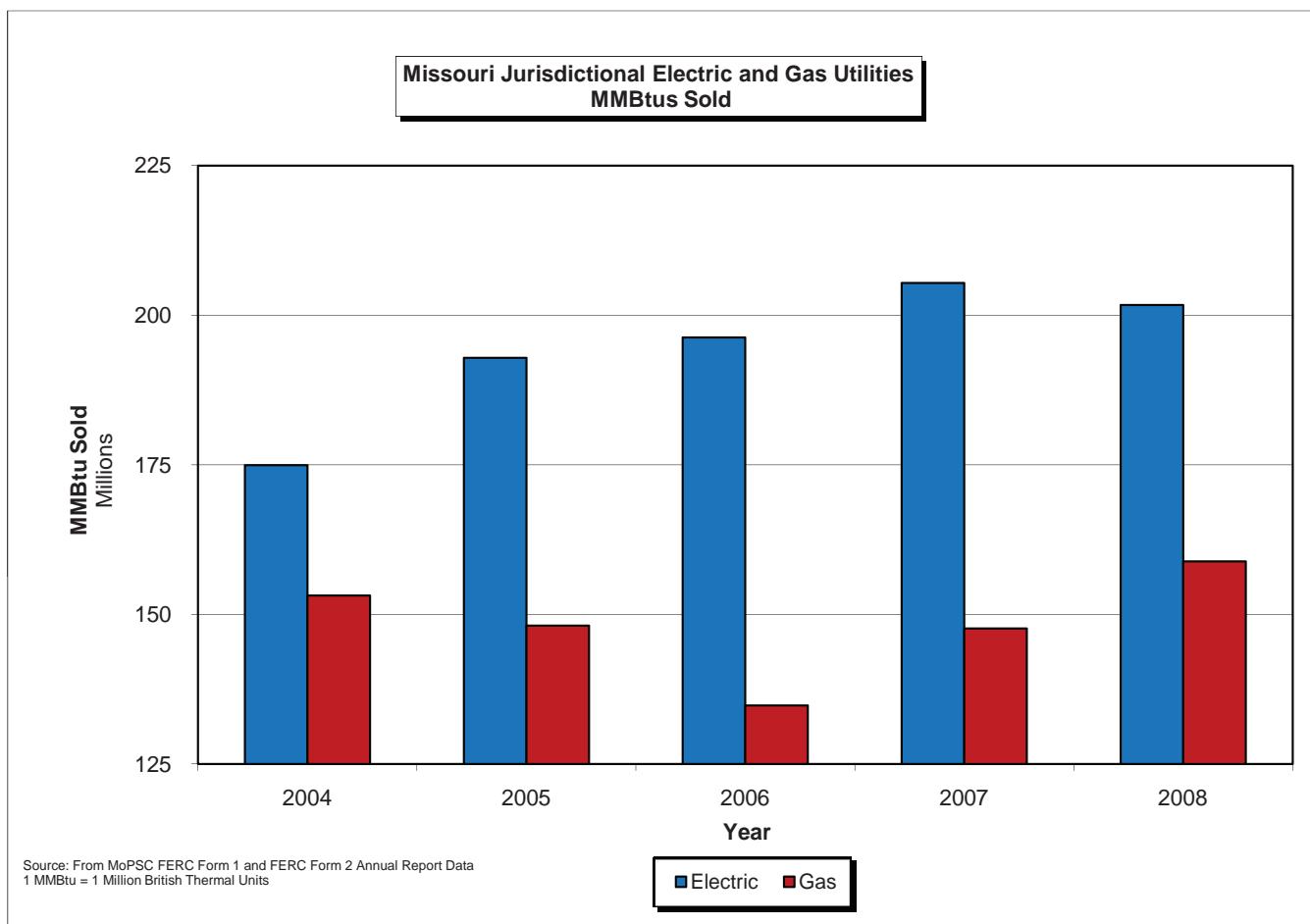
The PSC will continue to analyze fuel recovery cases of the interstate pipelines passing through

Missouri to determine whether reductions of in-kind fuel contributions are warranted.

### MoGas Pipeline LLC Cases of Interest

The PSC has filed an appeal of the FERC orders in Docket No. CP06-407 to the District of Columbia Circuit Court (Docket No. 09-1121). The outcome of this appeal will not be known until 2010.

At the end of June 2006, Missouri Interstate Gas LLC (MIG), Missouri Pipeline Company LLC (MPC) and Missouri Gas Company LLC (MGC) applied at FERC to merge into a single interstate FERC-regulated pipeline. Prior to FERC's approval of this merger, MPC and MGC were regulated by the PSC as intrastate pipelines. The PSC filed a protest challenging the ability of the intrastate pipelines to become FERC regulated without PSC approval. The PSC's protest also identified numerous instances of excessive costs the pipelines included in their proposed cost-of-service. On April 20, 2007, FERC issued an order authorizing the three affiliated pipelines



to merge. The order also reduced the MoGas proposed tariff rates by approximately \$2 million.

On February 19, 2008, FERC issued an order on rehearing of the April 20, 2007 order. The order addressed the issue of cross subsidization of MIG through rates charged to MPC and MGC customers. MoGas filed revised tariffs and rates on February 29, 2008, which the PSC, AmerenUE and Municipal Intervenors protested. All of the protestors contended that the Zone 1 rates were not in compliance with FERC's order on rehearing. The PSC calculated the affect of the error to be approximately \$1 million. On May 7, 2008, FERC agreed with the intervenors and required MoGas to re-file its tariff and rates to include the \$1 million reduction. FERC approved the rates to be effective June 1, 2008.

An issue in the case regarding the inclusion of an acquisition premium in the rate base of MIG, which amounts to annual charges to customers of approximately \$1.3 million, led to a rehearing request by the PSC that was later denied.

On September 21, 2007, MoGas filed a request with FERC to construct a compressor station near its interconnect with Panhandle Eastern Pipe Line Company allegedly to expand its capacity (Docket No. CP07-450). The PSC filed an intervention and protest in the case over concerns that not enough information was provided in the application to determine if the project was necessary. AmerenUE also filed an intervention and protest in the case. The PSC also expressed concerns that the approximate \$6.4 million expansion project should not be rolled into the current rates that existing customers were paying. Rather, an incremental rate should be applied to customers contracting for the additional capacity resulting from the compression project.

On May 9, 2008, FERC staff filed a letter requesting additional data and stating that it considered the expansion proposal to be a regular certificate application and not to be eligible under the FERC blanket certificate rule. A FERC decision was issued on September 25, 2008 authorizing MoGas to proceed with its project subject to conditions.

### **MoGas Pipeline LLC Rate Case**

On June 30, 2009, MoGas filed a rate case (FERC Docket No. RP09-791) requesting firm reservation rate increases of over 100 percent (from

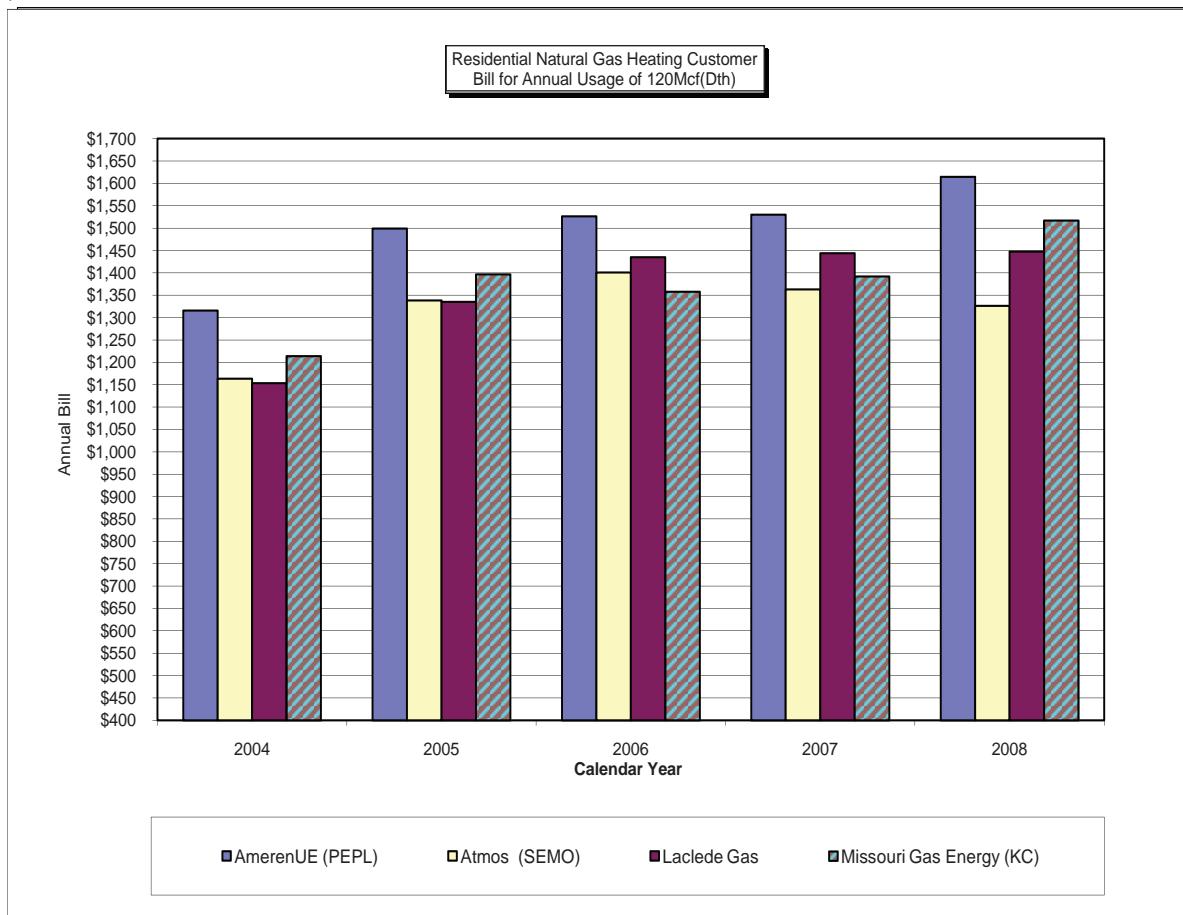
\$5.873/Dth/Month to \$12.713/Dth/Month) for Zone 1 and 62 percent (from \$15.738/Dth/Month to \$25.463/Dth/Month) for Zone 2. MoGas serves AmerenUE and Laclede Gas Company, cities, and industrial customers from Sullivan to Fort Leonard Wood. Customers located in Zone 2 are required to pay both Zone 1 and Zone 2 rates. The projected overall MoGas cost-of-service used to develop the proposed rates has increased to \$18.6 million from the \$11.9 million approved by FERC in May 2008.

The PSC along with Union Electric Company, Central Illinois Public Service Company (d/b/a AmerenUE and AmerenCIPS), the Municipal Gas Commission of Missouri, and the cities of St. James, St. Robert and Waynesville, Missouri protested the rate case filing. Laclede Gas Company, Laclede Energy Resources and the United States Department of Defense on behalf of Fort Leonard Wood also intervened in the case. FERC set a procedural schedule with initial testimony to be filed in March 2010.

FERC also suspended MoGas' proposed rates and tariffs until January 1, 2010. Therefore, rates proposed by MoGas will not be billed to Missouri customers until February for January 2010 usage.



*Workers install a two-inch plastic main near Lebanon.*



The PSC will complete a full audit of MoGas and will propose adjustments based upon its analysis. FERC staff will also conduct a full audit of the cost-of-service that MoGas filed to support its rate increases. Once FERC staff has completed its audit and presented its adjustments, a settlement conference is likely. This will likely occur late November or December 2009. At that time, parties to the case will have an opportunity to present their adjustments as part of the negotiation process. Any settlement of the rate case prior to the effective date of the tariffs could lead to a lesser increase in the rates ultimately billed to customers in February 2010. A hearing in the case is scheduled for May 18, 2010.

### Rockies Express Pipeline LLC

The PSC intervened in the third phase of the construction project (Docket No. CP07-208). Rockies Express Pipeline, LLC (REX), an affiliate of Kinder Morgan Energy Partners LP, requested approval of the third phase of its new interstate pipeline construction project and FERC issued its order approving the certificate on May 30, 2008. The

pipeline currently transports approximately 1.6 Bcf of natural gas daily from Rio Blanco County, Colorado to Audrain County, Missouri. A REX interconnection with Panhandle Eastern Pipe Line Company occurs near Mexico, Missouri. Construction is proceeding further east to Clarington, Ohio during the pipeline's third phase with a November 2009 projected completion date. The PSC is monitoring the filings in this case.

### Tariff Changes to Meet FERC Compliance

The PSC monitored many cases of interest throughout the country during the 2009 state fiscal year and intervened in a number of FERC cases filed on behalf of Missouri's interstate pipelines related to tariff changes. Some of the tariff changes were the result of recent FERC rule changes.

All the interstate pipelines serving Missouri filed at FERC to modify their tariff sheets to be in compliance with recent changes to FERC rules. In order 712 and 712-A, FERC removed price caps from short-term capacity releases and facilitated asset management arrangements. Both of these changes are an attempt

to increase the use of idle pipeline capacity to flow more gas. The PSC's hope is that these changes will enhance the interstate pipeline customer's ability to reduce its ultimate transportation costs.

In addition, FERC required interstate pipeline tariff changes to meet recent electronic communications standards adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB). These adopted standard changes were part of FERC order 587-T, issued February 24, 2009, which amended FERC regulations that establish Standards for Business Practices for Interstate Natural Gas Pipelines. The standard changes were necessary to increase the efficiency of the pipeline grid, make pipelines' electronic communications more secure, and were consistent with mandates that agencies provided for electronic disclosure of information. The PSC continues to participate in the NAESB discussions that impact Missouri.

## PROCUREMENT ANALYSIS

### Natural Gas ACA Activities

There are seven natural gas local distribution companies serving Missouri - AmerenUE, Atmos Energy Corporation, Empire District Gas Company, Laclede Gas Company, Missouri Gas Energy, Missouri Gas Utility, and Southern Missouri Natural Gas.

The Procurement Analysis Department conducts an Actual Cost Adjustment (ACA) review annually at the end of each ACA period for each natural gas local distribution company. A primary purpose of the ACA process is to reconcile the company's actual gas costs with what it charged customers (its billed revenues). In its purchased gas adjustment (PGA) filings, the Company estimates its gas costs for the upcoming year. In the ACA, the estimate is reconciled with the actual prudently incurred cost of gas. In this function, the Procurement Analysis Department staff reviews the gas purchases of the LDC to ensure that the claimed costs are properly attributed to the period under review and that the pipelines and natural gas suppliers have charged or invoiced the LDC for the volumes nominated and received at the proper contract rates. A comparison of billed revenue recovery with actual gas costs will normally yield either an over-recovery or

under-recovery of the ACA balances.

Another purpose of the ACA process is to examine the reliability of the LDC's gas supply, transportation, and storage capabilities. For its analysis, the PSC staff reviews the estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this reserve margin, and natural gas supply plans for various weather conditions.

A third purpose of the ACA process is to review the LDC's gas purchasing practices to determine the prudence of the Company's natural gas purchasing and operating decisions. Staff will consider the financial impact on customers of the LDC's use of its gas supply, transportation and storage contracts in light of the conditions and information available when the operational decisions were made.

The Procurement Analysis Department, in conjunction with other staff, held discussions with LDCs with regard to their hedging activities for the 2008/2009 winter. These discussions were held to inquire as to whether the LDCs were taking actions to mitigate the effects of potential winter price spikes on its price of gas.

### Other Proceedings

Although focused largely on natural gas ACA activities, Procurement Analysis, because of its knowledge of natural gas issues, assisted in the review of rate cases including the areas of natural gas incentives for LDCs to reduce gas costs for customers (gas supply incentive plan, capacity release, off-system sales), proposed tariff changes, energy efficiency programs to encourage customers to make their homes and businesses more energy efficient, and certificate cases, including Missouri Gas Utility expansions where existing companies had plans to expand or bring natural gas to areas without this service. The department also assisted in the review of tariff filings that impacted the recovery of gas costs.

# TELECOMMUNICATIONS

## Missouri PSC Telecommunications Regulatory Authority

The PSC's regulatory authority over the provisioning of intrastate telecommunications services has changed over the past several years. The commission has limited oversight authority for most landline or wireline telecommunications services which includes local telephone services, interexchange telecommunications services, interconnected voice over the Internet protocol (VoIP) services, video services, payphone services, and shared tenant services. At a minimum, these entities are required to obtain a certificate of service authority or register with the PSC.

The type of regulation the PSC applies to wireline telecommunications service providers can vary. For example, the 43 incumbent local telephone companies currently operating within Missouri are regulated differently depending on whether a company meets certain criteria. Among the 43 incumbent local telephone companies, traditional rate-of-return regulation still applies to 38 of these companies; however, if the company is a cooperative then the commission's rate-setting authority is limited to switched access rates. Price cap regulation applies to two companies and competitive regulation applies to three companies whereby these companies have essentially complete pricing flexibility. Legislation was recently implemented making it easier for companies to qualify for more relaxed forms of regulation.

Differing forms of regulatory oversight also applies to competitively classified wireline telecommunications service providers depending on whether the provider uses interconnected VoIP technology. In general, VoIP services are essentially deregulated; however, VoIP providers are required to comply with certain obligations such as contributing to the Relay Missouri and Missouri Universal Service funds. To date, 17 companies are registered with the commission to provide VoIP service. Competitive wireline telecommunications service providers not using VoIP technology are under minimal regulation. These companies generally have complete pricing flexibility but are

required to maintain tariffs and comply with certain commission rules. At present, 402 interexchange carriers and 124 competitive local exchange companies are under this form of regulation.

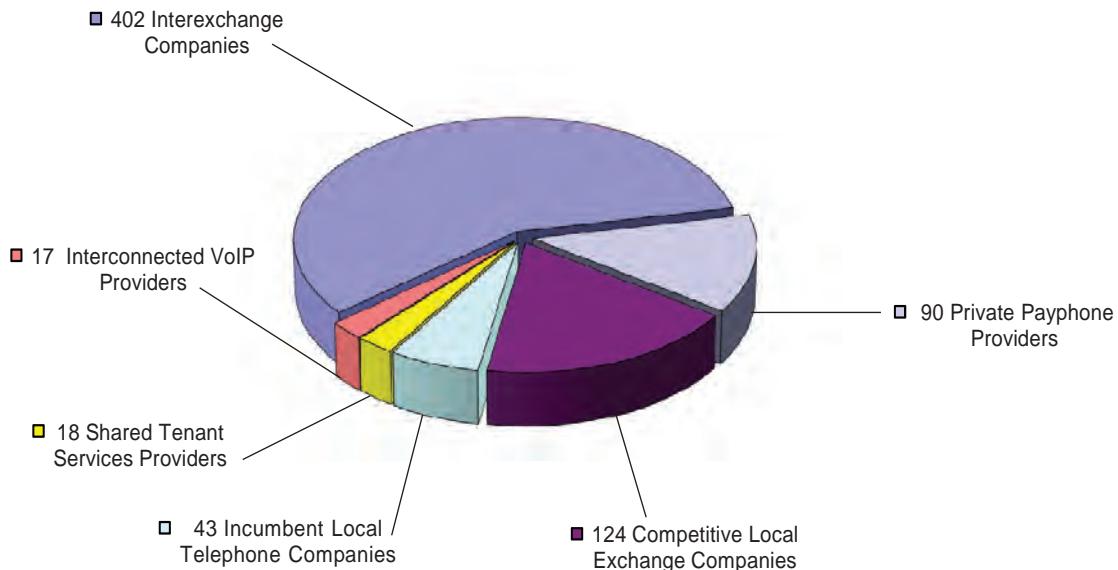
Minimal regulation is also applied to payphone providers and shared tenant service providers. These types of providers are required to obtain a certificate of service authority from the commission; however, these providers are not required to file tariffs. Currently 90 and 18 providers have certificates of service authority to provide payphone and shared tenant services, respectively.

Significant legislation (House Bill 1779) was implemented on August 28, 2008. The scope of this bill deregulates and relaxes existing regulatory requirements for various telecommunications markets. Provisions in the bill allow waivers of quality of service standards and customer billing requirements. Most incumbent local telephone companies have sought and received these waivers. The bill expands a telecommunications company's ability to establish rates for many telecommunications services. For example, telecommunications companies have complete pricing flexibility for all business telecommunications services, packages of services, directory assistance and operator services. Despite the more relaxed regulatory environment, the PSC continues to help consumers with complaints lodged against telecommunications carriers.

Missouri law allows video service providers to register with the commission to provide video services and avoid obtaining local approval. The commission's authority is solely limited to state-issued video authorization. The commission has no authority over a video service provider's rates or quality of service.

The commission does not have authority over wireless services; nor does it have authority over broadband or Internet access services. Nevertheless, to the extent the PSC has certain authority over telephone numbers, interconnection agreements, inter-company disputes and the administration of certain programs, providers of these services may have interaction with the commission.

## Telecommunications and VoIP Providers



### Requests to Overturn Numbering Administrator Decisions

Federal procedures allow telecommunications carriers to seek relief from a state commission if the numbering administrator has denied the carrier's request for telephone numbers. During the past year, the commission addressed nine such requests. Granting such relief allows a carrier to obtain blocks of telephone numbers from the numbering administrator who had previously denied the carrier's request. In this regard, a carrier may be assigned telephone numbers in order to meet the special numbering needs of a large customer or to accommodate the numbering needs for a calling plan.

### PROGRAMS ADMINISTERED BY THE PUBLIC SERVICE COMMISSION

**Missouri Universal Service Fund:** The Missouri Universal Service Board (Board), consisting of the PSC and Office of the Public Counsel, oversees the Missouri Universal Service Fund (USF) pursuant to Section 392.248 RSMo. Currently, the Missouri

USF solely provides funding for discounted telecommunications services for qualifying low income and disabled customers. There are 71,867 subscribers in Missouri receiving support which represents a slight decrease over the past year. As of July 2008, the fund reserve balance was \$1,212,153 with average monthly incoming revenues of \$302,789 and average monthly outgoing funds of \$267,059. Funding is generated through an assessment applied to telecommunications company revenues.

During the past year the Board met periodically to address and review issues related to the Missouri Universal Service Fund. These meetings consisted of review of fund financial statements, approval of carriers eligible to receive disbursements, approval of fund administrator invoices and other issues. Central Bank has been the fund administrator since July 23, 2007 and is responsible for keeping the books and records related to the fund. Central Bank's contract provides administrative, banking, auditing and database development services for two years with two one-year renewal options.

As required by statute, the Missouri USF is

annually audited by an independent auditor. During a recent audit, the independent auditor made recommendations that the Board initiate additional audits. The Board has complied with these recommendations by directing the PSC staff and fund administrator to initiate such audits. The additional audits are designed to ensure companies are appropriately paying into the fund as well as receiving support from the fund. Procedures have also been implemented to ensure customers are qualified to receive discounted phone service.

During the past year the commission approved a rulemaking updating the name of one of the qualifying programs for Lifeline service.

#### **Federal Universal Service Fund program:**

The federal USF program provides a variety of funding opportunities for telecommunications services. State regulatory commissions help the FCC with administering certain aspects of the federal USF program, most notably high cost support as well as low-income assistance programs more commonly known as Lifeline programs. State commissions can assist in determining if companies qualify and are appropriately using federal USF financial support. For example, in order to qualify for USF support, a company must meet certain state and federal criteria establishing the company as an eligible telecommunications carrier (ETC). ETC's receiving high cost federal USF support must also be annually certified by a state regulatory commission. Such certification is intended to ensure that companies are appropriately using the funding. Currently, 46 companies go through the annual certification process in order to continue to receive high cost federal USF support. These companies are comprised of 40 incumbent local telephone companies, three wireline competitive local exchange companies (CLECs) and three wireless companies.

During the past year other companies have received ETC status in order to receive federal USF funding for Lifeline programs. For example, TracFone and Nexus received such status in order to receive federal USF funding to provide a Lifeline-only wireless service to consumers that meet certain low-income qualifications. TracFone and Nexus will offer qualifying low income customers a wireless service with a

monthly usage allotment of 66 minutes and 50 minutes, respectively, at no charge. The customer can purchase additional minutes for \$.20 per minute.

**Relay Missouri:** The PSC oversees Relay Missouri service pursuant to Section 209.253 RSMo. Relay Missouri service is a statewide system using third party intervention to connect deaf, hearing-impaired and speech-impaired persons with the telephone system. A Relay Missouri fund is used to provide funding for this service. The Relay Missouri fund is also used for an equipment distribution program which is administered by the Missouri Assistive Technology Council. Currently, Sprint is the contractual provider of Relay Missouri services. This contract is for a two year time period through June 30, 2010. A 14 member Relay Missouri advisory committee consisting of six members from the deaf, hard-of-hearing, and speech-impaired communities as well as additional members from the PSC staff, the Missouri Telecommunications Industry Association and Office of the Public Counsel provide recommendations to the commission for improving the program. The Relay Missouri Fund is funded by a surcharge applied to basic local telecommunications line service. Currently this surcharge is \$.13 per month and the commission is entertaining a proposal to lower the surcharge to \$.11 a month.

**Relay Statistics:** Usage for traditional relay service was 1,556,041 minutes during the July 1, 2008 through June 30, 2009 time period. This represents a decline of approximately 25% over the past year as deaf and speech-impaired individuals appear to be switching from Relay Missouri service to other services such as Internet-based forms of relay service. CapTel usage was 744,832 minutes for the prior fiscal year, an 8% increase. The adjusted August 2009 closing balance of the Relay Missouri fund was \$3,748,915.

During the past year, the commission approved rules establishing Relay Missouri surcharge billing and collection requirements. The intent of this rulemaking is to ensure companies are appropriately billing, collecting and remitting revenue to the Relay Missouri fund.

## ARBITRATION/WHOLESALE DISPUTES

### **NuVox vs. AT&T Missouri (Case No. CC-2009-0435):**

On June 5, 2009, NuVox Communications of Missouri filed a complaint against AT&T. The complainant alleged AT&T is attempting to impose unauthorized charges for cross-connecting facilities provided with Enhanced Extended Links (EELs). On July 9, AT&T responded to the complaint by asserting numerous defenses and requesting that the commission dismiss the complaint in its entirety. On August 17, the commission scheduled an evidentiary hearing on May 4-5, 2010, and ordered NuVox to file direct testimony on December 1, 2009.

### **Charter/CenturyTel arbitration case (Case No. TO-2009-0037):**

On July 31, 2008, Charter Fiberlink-Missouri requested the commission arbitrate unresolved issues with CenturyTel. The unresolved items include, but are not limited to, issues surrounding direct and indirect interconnection, telephone number porting, cost based rates, single points of interconnection, use of CenturyTel's service guide, bill disputes, deposits, contract termination and third party assignments. A hearing was conducted and on January 6, 2009, the Final Arbitrator's Report was issued. On February 5, 2009, an oral argument was held. The Arbitrator's Report was adopted in whole by the commission on February 25, 2009.

### **Charter vs. CenturyTel (Case No. LC-2008-0049):**

On August 24, 2007, Charter Fiberlink, LLC filed a complaint against CenturyTel whereby Charter disputed charges applied by CenturyTel for porting telephone numbers. A hearing was conducted and on October 21, 2008, the commission issued an order which determined that the parties' interconnection agreement did not authorize imposition of the porting charge. The commission also ordered CenturyTel to refund \$68,867.61 to Charter.

**Northeast Missouri Rural Telephone Company vs. AT&T (Case No. IC-2008-0285):** The commission appointed a mediator in Northeast's complaint against AT&T. In its complaint, Northeast alleged that AT&T neglected to pay access charges to

Northeast for traffic attributed to certain prepaid calling cards. According to Northeast, AT&T estimated that through the third quarter of 2004, it had failed to pay \$340 million in access charges to Northeast and other carriers, and had failed to pay \$160 million in universal service contributions. For its part, AT&T admits to some of Northeast's allegations but denies other allegations, pointing to AT&T's belief that the parties have reached settlement of the claims underlying the complaint. On October 24, 2008, Northeast filed a notice of dismissal and the commission promptly dismissed the complaint with prejudice.

### **Socket vs. CenturyTel (Case No. TC-2008-0225):**

On January 8, 2008, Socket filed a complaint against CenturyTel regarding various interconnection issues. The commission's mediation procedures were initially used at the companies' request to resolve this complaint; however, mediation was unsuccessful and the commission subsequently set the matter for hearing on June 22, 2009. On June 16, the parties filed a joint motion asking the commission to cancel the hearing, and to suspend the remaining procedural schedule. On July 15, a second joint status report was filed in which the parties reported continuance of serious negotiations in possible settlement of the outstanding issues.

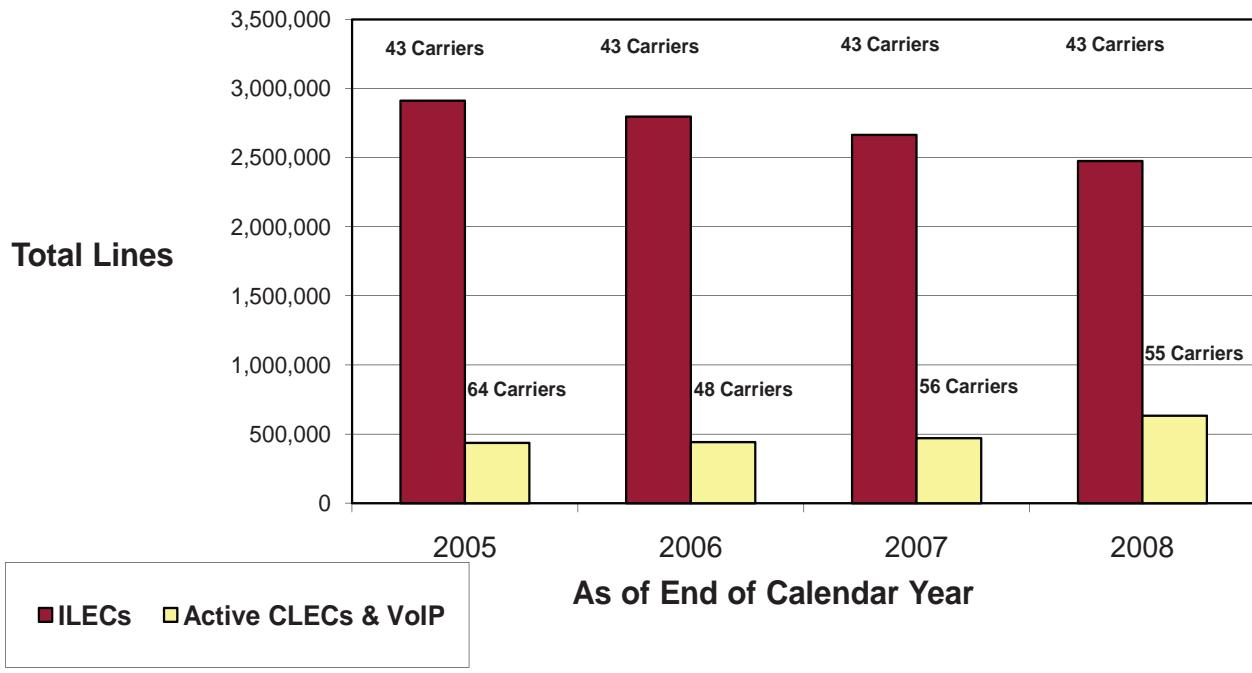
### **Big River vs. AT&T (Case No. TC-2007-0085):**

On August 23, 2006, Big River filed a complaint against AT&T alleging that AT&T had charged Big River higher amounts for local switching and loops than the rates set forth in the interconnection agreement approved by the commission pursuant to the arbitration order in Case No. TO-2005-0336. Subsequent to events occurring in federal courts, on March 12, 2009, the commission stayed the proceedings and appointed a mediator. On June 12, Big River filed a motion to dismiss indicating the parties had negotiated a settlement and had resolved all remaining issues presented in the case. On July 20, the case was dismissed.

### **Sprint vs. AT&T (Case No. CO-2009-0239):**

On May 6, 2009, the commission adopted in whole the arbitrator's final report which permitted Sprint to extend its current Missouri interconnection agreement with AT&T for a period of three years.

## Telephone Lines



## FEDERAL TELECOM ACTIVITY

### National Association of Regulatory Utility Commissioners (NARUC):

Chairman Robert M. Clayton III is a member of the NARUC Telecommunications Committee and is assisted by a staff member of the commission on the Telecommunications Staff Subcommittee. NARUC's Telecommunications Committee provides and coordinates the resources needed to develop in-depth analyses of telecommunications issues, particularly the implications of various policy choices on the development of a modern, high quality and ubiquitous telecommunications infrastructure serving the needs of all consumers. During the past year the committee studied such areas as universal service reform, intercarrier compensation, wireless consumer standards and broadband deployment.

### North American Numbering Council (NANC):

Chairman Clayton is a member of the North American Numbering Council. NANC is a federal advisory committee designed to advise the FCC on telephone numbering issues and to make recommendations that

foster efficient and impartial telephone number use and administration. NANC is composed of representatives of telecommunications carriers, regulators, cable providers, VoIP providers, industry associations, vendors and consumer advocates.

### Universal Service Joint Board:

In April 2007, PSC staff member Natelle Dietrich was appointed to the staff of the Universal Service Joint Board. The Universal Service Board makes recommendations to the FCC on issues related to promoting universal telecommunications service throughout the United States. The Board recommended, and the FCC implemented, a cap on the federal funding provided to competitive carriers. The Board also issued three recommended decisions related to reforming the federal universal service support program. The recommended decisions address such things as a reverse auction methodology to receive funding and eliminating identical support for competitive carriers and the creation of three funds - the mobility fund, the broadband fund and the provider of last resort fund.

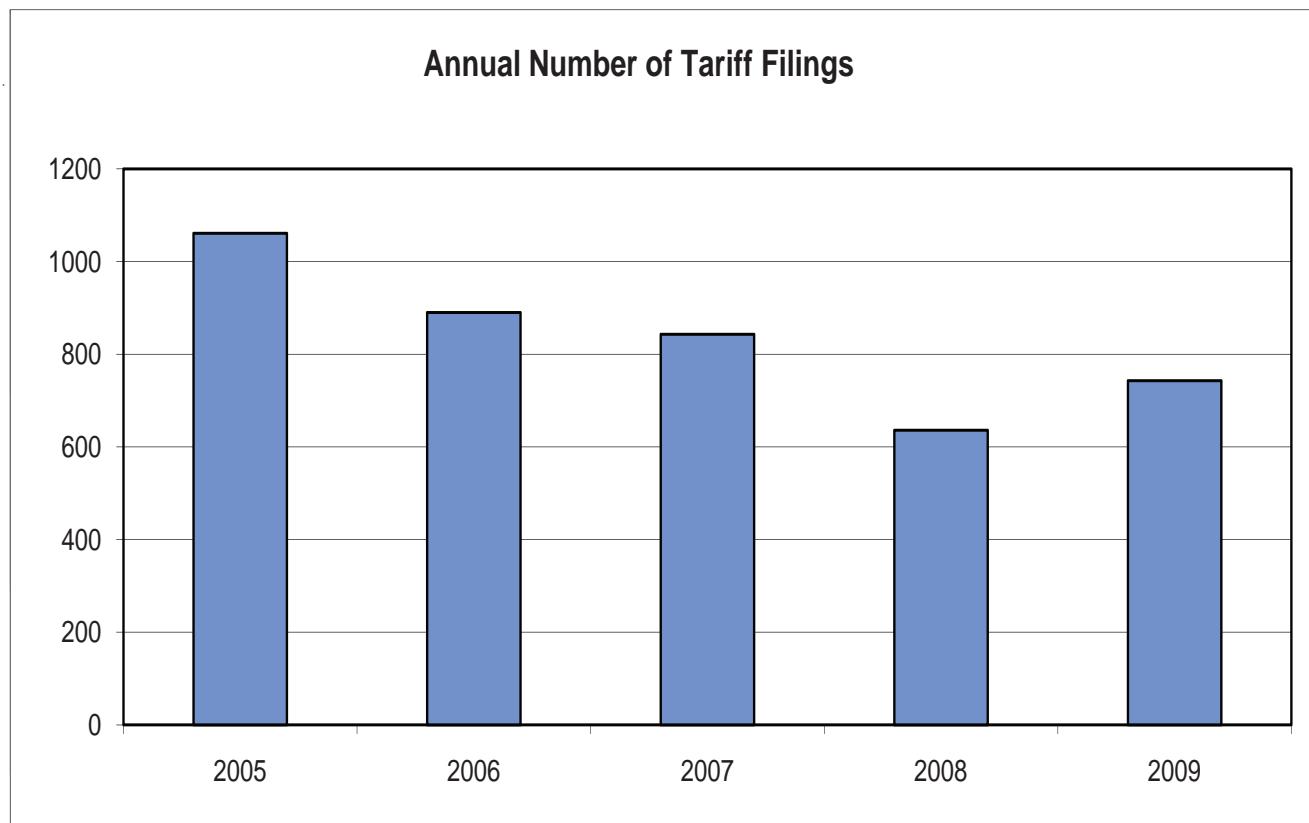
**Comments to FCC Proceedings:** The PSC continues to actively participate on a number of telecommunications issues before the FCC. During the past year, comments were filed in proceedings pertaining to the release of aggregate broadband data to eligible entities. In addition, the PSC filed comments on intercarrier compensation reform and universal service fund reform.

## SPECIAL PROJECTS

**Video Report:** The commission submitted a report to the General Assembly on August 28, 2009 regarding the developments resulting from the implementation of the 2007 Video Services Providers Act. This report is the second of four annual reports. Since the act's implementation on August 28, 2007, the commission has issued 656 video service authorizations to 27 companies. Compared with last year, the number of authorizations increased from 486 to 656, an increase of 218. The 656 authorizations correspond to 486 separate political subdivisions or 45% of all political subdivisions in Missouri. Compared to a

year earlier, the commission issued 486 video service authorizations corresponding to 438 separate political subdivisions. Among the 656 state-issued video authorizations, wireline video service competition exists for 320 authorizations while 336 authorizations currently do not reflect a wireline video service competitor.

**CPNI Filing Requirement:** This past year marked the first time all telecommunications carriers were required to annually ensure they are complying with PSC rules regarding the release of customer proprietary network information. Essentially CPNI refers to a consumer's calling information, service subscription, technical configuration and other potentially sensitive information. CPNI does not refer to subscriber list information. CPNI rules establish procedures by which telecommunications companies may use, disclose or permit access to CPNI. The ongoing annual CPNI filing requirement helps ensure compliance with these rules.



## MERGERS AND OTHER FINANCIAL TRANSACTIONS

On June 2, 2009, CenturyTel and Embarq announced the selection of CenturyLink as the name of their combined company. As part of a presence in 33 states, CenturyLink will serve 566,400 access lines in Missouri. CenturyLink's northern and southern Missouri markets will be operated out of Columbia and Branson, respectively.

### **Loan Application (Case No. TO-2009-0025):**

McDonald County Telephone Company filed an application to allow the company to create a lien on its telephone assets. The company was seeking a \$540,000 loan to construct a new building to accommodate its administrative and customer service activities. The commission approved the request.

## OTHER MATTERS

AT&T Missouri's application for waiver of commission rules for delivery of white page telephone directories: On July 24, 2009, the commission approved AT&T's request for a waiver of PSC rules requiring distribution of telephone directories to all of its customers in the Kansas City and St. Louis metropolitan areas. Under the terms of AT&T's proposal, the company will still publish telephone directories in the metropolitan areas; however, customers will be required to call a telephone number and request a copy at no charge. As part of its approval, the commission also required AT&T to submit a report setting forth AT&T's efforts to encourage and facilitate the recycling of old telephone books.

**Windstream Rate Rebalance (Case TT-2009-0134)** - On September 15, 2008, Windstream Missouri, Inc. filed tariff sheets to rebalance local and switched access rates. The Office of the Public Counsel objected to Windstream's request. On October 30, the commission denied Public Counsel's request to suspend the rate rebalancing, and permitted the tariff sheets to become effective. In its order, the commission also directed the PSC staff to continue its periodic review of the status of competition, and to indicate whether the intrastate toll rates are being decreased in response to decreases in access charges.

### **Telephone Numbers**

Missouri's area codes are projected to exhaust all available telephone numbers at the following time periods:

314 -- 1st quarter of 2018  
 417 -- 2nd quarter of 2013  
 573 -- 2nd quarter of 2015  
 636 -- 3rd quarter of 2030  
 660 -- 3rd quarter of 2019  
 816 -- 3rd quarter of 2018

**NOTE** -- Forecast as approved by the FCC in April 2009. The exhaust dates are reviewed twice each year by numbering authorities.

# Water and Sewer Department

The role of the commission is to ensure that consumers receive safe and adequate service from the utility in exchange for just and reasonable rates that allow the utility the opportunity to earn a fair rate of return on their investment.

The Water and Sewer Department assists the commission in this role by providing technical expertise in the operation of the water and sewer companies and analyzing applicable tariffs and tariff filings to ensure they are in compliance with appropriate state law, commission rules, and are fair for both the utility and consumer.

There are approximately 75 regulated water and/or sewer companies in Missouri. Most of these companies are considered small or very small based upon those definitions as provided by the National Regulatory Research Institute (NRRI). This fact makes for a very challenging role to be played by the Water and Sewer Department.

One of these major challenges is providing the utility with reasonable rates to make needed repairs and Missouri Department of Natural Resources (DNR) mandated upgrades while at the same time keeping them reasonable for consumers.

This is difficult because, for small and very small companies, the increased costs being felt throughout the industry necessarily are being spread over a much smaller customer base. Another major challenge is the fact that many of these systems are being operated by management that is not necessarily in business to be a utility. Many of these owner/managers control other businesses and the utility operations are secondary to those other businesses.

To help assist the small water and sewer companies, the commission approved a revision of its Small Company Rate Request rule. This rule is intended for companies that have fewer than 8,000 customers.

The rule streamlines the rate request process for the smallest companies and allows rates to potentially become effective sooner than the normal rate request. It also allows the utilities to file their request without the need for outside assistance which helps keep the cost of doing business as low as possible.

The main functions of the Water and Sewer Department is to assist small companies in their day-

to-day operations, conduct inspections, assist customers, investigate customer complaints, work on tariff filings, review small and large company rate requests, and review applications for certificates of convenience and necessity to ensure that a proposed utility is in the public interest.

The major role the department plays in rate requests is to develop the appropriate rates that are required for the utility to collect the appropriate revenues that have been approved by the commission.

In fulfilling its duties, the Water and Sewer Department also works very closely with DNR, whose responsibilities include ensuring that the utilities are complying with the applicable federal and state environmental and water quality laws and regulations.

The PSC and DNR share information about the companies they regulate under a Memorandum of Understanding. This agreement includes provisions regarding the agencies' cooperation and coordination on overlapping matters such as DNR's issuance of construction and operating permits and the commission's utility service area certification process.

On June 5, 2008, the Water and Sewer Department organized a Water Symposium that brought together legislators, DNR, PSC, the public and water and sewer companies throughout the state to hear presentations regarding potential future infrastructure issues that may impact Missouri citizens. In addition, the commission opened a case (WW-2009-0386) to create a working group to investigate ways to address major issues impacting the water and sewer industries in Missouri.

The Water and Sewer Department is also investigating the possibility of a partnership with the EIERA (Environmental Improvement and Energy Resources Authority) to help small water and sewer companies obtain favorable financing to allow companies to make the appropriate repairs and environmental upgrades.

The department is also active in federal activities that impact water and sewer industries in Missouri. Many of the issues impacting these industries in Missouri are also obstacles in the other states as well. Therefore, the department participates in working groups with NRRI and NARUC.

## Regulated Sewer Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
2,001 & Up	1	2,165	16%
751 - 2,000	5	5,553	40%
501 - 750	2	1,226	9%
251 - 500	4	1,340	10%
151 - 250	10	1,867	13%
101 - 150	5	664	5%
51 - 100	12	863	6%
50 or less	7	231	2%
<b>TOTALS</b>	<b>46</b>	<b>13,909</b>	<b>100%</b>

## Regulated Water Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
8,001 & Above	1	584,087	95%
5,001 - 8,000	1	6,724	1%
3,501 - 5,000	1	4,613	1%
2,001 - 3,500	2	5,624	1%
751 - 2,000	5	6,658	1%
501 - 750	7	4,456	1%
251 - 500	6	1,945	0%
151 - 250	10	1,793	0%
101 - 150	4	516	0%
51 - 100	11	740	0%
50 or less	8	282	0%
<b>TOTALS</b>	<b>56</b>	<b>617,438</b>	<b>100%</b>

# Manufactured Housing and Modular Units Program

The Manufactured Housing and Modular Units Program Department of the PSC is governed by Sections 700.010-700.692 of the Revised Statutes of Missouri.

The department is responsible for overseeing the annual registration of dealers, manufacturers of manufactured homes and modular units, as well as the installers of new manufactured (HUD) homes and prescribing and enforcing uniform construction, safety and installation standards by conducting code and installation inspections, which includes enforcing tie down and anchoring requirements.

The department received approximately 100 consumer complaints and/or requests for inspections during the past year. This number is less than past years due to new random on-site inspections conducted prior to the completion of the installation of the home. On-site inspections allow for installation problems to be identified and repaired before the installation of the home is completed, reducing repair costs and ensuring the consumer has a properly installed longer lasting home. The PSC staff has been successful in resolving approximately 98% of these complaints through its process of working with manufacturers, dealers, installers and homeowners.

The Manufactured Housing and Modular Units Program receives in excess of 240 phone calls a month from consumers, manufacturers, retail dealers, installers, finance companies and local building code officials. Currently, the staff consists of four field inspectors, a program manager and two office personnel.

The PSC has a toll-free hotline for consumers who have questions and/or complaints regarding manufactured homes or modular units. The commission staff conducts free home inspections for consumers who file inspection requests with the commission. The toll-free number is 1-800-819-3180 or visit our web site at [www.psc.mo.gov](http://www.psc.mo.gov) and click on the manufactured housing tab at the top of the page.

## Oversight and Regulation

Structures not properly installed may result in very expensive repair costs and those repairs can take weeks to complete. Most of today's homes and/or

## STATISTICS FOR FISCAL YEAR 2009

Registered Manufacturers:	170
Registered Dealers:	253
Registered Installers:	119
Homes Sold (new & used):	3,418
Consumer Complaint Inspections:	187
On-site Inspections (SB 1096):	286
Dealer Lots Inspected:	197
Modular Unit Seals Issued:	995
Modular Unit Plans Approved:	517
Installer Decals Issued (SB 1096):	1,108

Source: PSC Manufactured Housing Department database

commercial units are multi-section structures and are installed on crawl space or basement foundations or on below frost grade footings. Many of these structures have hinged roofs and require very specialized and expensive equipment to install. Equipment includes such items as roof jacks, roller systems or cranes. Many multi-section units require several weeks to fully complete from site preparation to final close up and interior finish. Staff also regularly works with local communities around the state to ensure both manufactured homes and modular units are built to the applicable building and safety codes and are set up and installed according to applicable state standards.

## Manufactured Homes & Modular Unit Sales

Residential and commercial modular unit sales have declined during the past year, which is after more than doubling the past two years. Modular units include residential homes, commercial, industrial and educational units. Approximately 1,598 new manufac-



*Tim Haden inspects the electrical panel box in a manufactured home.*

tured homes and modular units were sold in the state during FY 2009. An additional 1,820 used homes were sold.

Modular and manufactured homes fill a major housing void in many rural areas where site built homes are difficult to construct in a timely manner. Pursuant to a recent report published by the U.S. Government Accountability Office and the Federal Housing Institute, 5% of Missouri residents live in manufactured homes. In addition, commercial modular units are becoming a very popular and affordable alternative to site built commercial units. Modular unit classrooms are a major component of affordable classrooms in many school districts throughout the state. PSC field staff continues to work with school districts throughout the state to ensure these units are installed and anchored properly so that schools have safe environments for all school children.

Commercial modular units range from small single section units to large 16 to 20 section multi-family structures. Other commercial units include very specialized units such as the Kidney Dialysis Unit in Chillicothe, Missouri. Many of these commercial units can be delivered and fully operational within a very short period of time. The PSC staff has worked closely with local building and code officials to ensure

these structures meet the applicable commercial building code requirements under the International Building Codes (IBC).

### **Legal Action**

During the past year, the Director of the Manufactured Housing and Modular Units Program filed complaints against dealers and unlicensed entities for various alleged violations of state laws. Complaints were filed against certain dealers for selling damaged homes that did not comply with the applicable building codes; improper installation and anchoring; operating without the required license; and failing to make corrections in a timely manner. Civil penalties in the amount of \$477,000 were assessed against an installer who failed to properly install seven new HUD homes.

The number of formal complaints has been reduced as a result of the dispute resolution hearing process. This process includes onsite hearings, which are conducted at the home site with the homeowner, manufacturer, dealer, installers and the PSC staff. Corrective action is identified by the staff and the responsible party is required to make the applicable changes. These hearings have reduced the legal cost for the industry, the consumer and the commission.

### **Modular Building Codes**

During the next fiscal year, the PSC staff plans to begin work with the industry to upgrade the modular unit building codes. Updating the codes occurs nearly every three years. The updating process ensures these structures meet the latest standards followed by local building and code administrators. Often, local utility companies do not connect the utilities to a structure unless the Missouri modular seal is verified and attached to the structure. Staff works to ensure modular homes and commercial units are built and installed according to applicable building codes and safety standards, thereby, providing safe and affordable housing.

# SERVICE QUALITY

## Engineering and Management Services Department

The Engineering and Management Services Department (EMSD) has technical responsibilities in two separate areas.

The management analysts mission is to develop, enhance and support utility management to provide quality services to customers and effective cost control of critical resources such as capital, technology and human resources.

The engineering staff's role is to conduct depreciation studies and provide specialized engineering analysis and assistance for all types of regulated utilities.

## MAJOR PROJECTS DURING 2009

Management analysts participated in a variety of cases and audit projects during 2009. EMSD staff participated in follow-up activities for four ice storm investigation dockets regarding the December 2007 ice storms that impacted Missouri's regulated utility customers and regulated utilities. Case Numbers EO-2008-0215, EO-2008-0218, EO-2008-0219 and EO-2008-0220 were opened by the commission to examine the storm outage planning and restoration efforts of the state's regulated electric providers: The Empire District Electric Company, AmerenUE, Kansas City Power and Light Company and KCP&L Greater Missouri Operations (Aquila, Inc.). Four staff reports were filed in these dockets on June 17, 2008, which included examination of the utilities' planning, actions taken during the storms, call center operations and communications, and customer comments.

Staff participated in the Telecommunications Department's review of Universal Service Fund (USF) certifications of three utilities this year including US Cellular, Chariton Valley Telephone and Northwest Missouri Cellular Company. The EMSD staff analyzed a variety of processes and practices during each of these three reviews including customer billing and payment remittance, credit and collections, local business office operations and the company's handling of customer complaints and inquiries. The department's audit work was similar to reviews

conducted on the small water and sewer companies described below. The staff also performed implementation reviews of LeRu Telephone, CrawKan Telephone, Green Hills Telephone Corp., competitive local exchange company (CLEC) and Green Hills Telephone, incumbent local exchange company (ILEC) from USF reviews that had been conducted the prior year.

Staff filed service quality testimony in rate case proceedings involving Kansas City Power & Light Company (ER-2009-0089) and KCP&L Greater Missouri Operations (ER-2009-0090). The staff's analysis in these proceedings included post-acquisition service quality performance of Kansas City Power & Light and KCP&L Greater Missouri Operations since the acquisition of KCP&L Greater Missouri Operations by Great Plains Energy Corporation.

Staff also participated in Laclede Gas Company's tariff filing (GT-2009-0026), which requested that the company be permitted to recover bad debt expense through the purchased gas adjustment. The staff also participated in some formal customer complaint proceedings during this year, including a staff complaint against Missouri-American Water Company (WC-2010-0037) regarding the misbilling of sales taxes.

The department continued to participate in reviews of numerous small water and sewer companies to assist them in providing sound customer service and efficient and effective business practices. The audit program is designed to assist small companies in a variety of areas including customer billing, credit and collections, complaint handling, business office operations and others, and is performed at the time the small utilities request a rate increase from the commission.

The audit program includes follow-up and monitoring of the small utilities after the completion of the audit report, and such follow-up work was also performed at a number of small companies. Such service quality work was performed at the following companies: Midland Water Company, Riverfork Water Company, Cannon Home Association, Inc., Peaceful Valley Utilities, Osage Water Company, Gladlo Water and Sewer Company, Missouri Utilities

Company, Hickory Hills Water Company, Highway H Utilities, Suburban Water Company, Lakeland Heights Water Company, Oakbrier Water Company, RD Sewer Company, Whispering Hills Water Company, Terre du Lac Water Company, Port Perry Service Company, Noel Water Company, I.H. Utilities and Raytown Water Company.

The staff continues to receive and review quality of service reports from a variety of companies as a result of mergers and rate cases. These reports contain information regarding customer service including data on call center indicators such as average speed of answer (ASA) and abandoned call rate (ACR). Staff presently monitors call center performance of all the state's regulated large natural gas and electric companies as well as Missouri-American Water Company and Aqua Missouri. Staff specifically reviews call center performance trends and reviews often result in additional inquiry to utilities regarding performance.

## Engineering Staff

The engineering staff of EMSD performed depreciation analysis for a number of large and small companies during this fiscal year. The purpose of depreciation in a regulatory environment is to recover the original cost of capital investment from customers and allocate the costs over the useful life of the assets.

Annual depreciation expense, distributed over the life of each asset, results in the full recovery of the original cost of capital assets. The engineers' objective is to propose depreciation rates that are fair and appropriate for each company and its customers. Depreciation comprises a significant component of the cost used to develop utility rates paid by consumers.

During 2009, engineering staff performed depreciation analysis of several large and small companies. Specifically, the engineering staff conducted depreciation analysis in the context of rate cases filed by AmerenUE (ER-2008-0318); Kansas City Power & Light Company (ER-2009-0089); KCP&L Greater Missouri Operations Company (ER-2009-0090 and HR-2009-0092); and Missouri Gas Energy (GR-2009-0355). Engineering staff also participated in two applications for variance and/or waiver from the provisions of depreciation rule requirements in 4 CSR 240-3.235. Atmos Energy Corporation filed a request for such a variance and waiver in (GE-2009-

0443), which requires Atmos to file a depreciation study at the time of its next rate case. Missouri Gas Energy also filed an application for a waiver from 4 CSR 240-3.235 (GE-2010-0030). This case resulted in Missouri Gas Energy retaining its existing depreciation rates and ordered the natural gas company to submit a depreciation study no later than June 30, 2010, which conforms to commission rules.

Depreciation engineers also performed analyses to determine the revenue requirement of numerous small water and sewer companies that were listed previously. On-site work is often performed and assistance provided to small utilities as to appropriate methods to book utility assets. Engineers also participated in two new certificate cases including Seges Partners Mobile Home Park, LLC (SA-2009-0401) and Mid Mo Sanitation, LLC (WA-2008-0403). Staff participated in Citizens Telephone Company's application for specific minimum depreciation rates (IO-2009-0032).

The engineering staff continues to be involved in the PSC staff review of the rebuilding resulting from the reservoir failure of AmerenUE's Taum Sauk dam which occurred December 14, 2005. Engineering staff worked within a multi-department team with engineers from the commission's Energy Department as well as commission attorneys on Case No. ES-2007-0474.

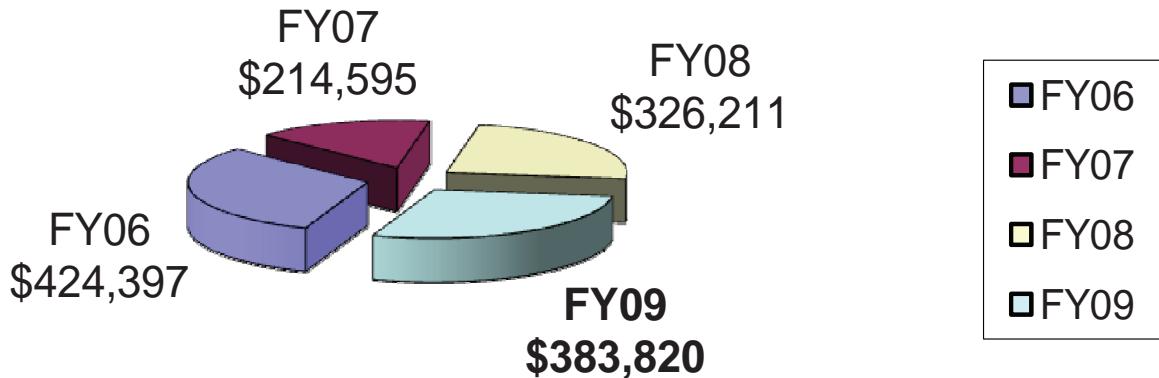
The staff also assisted the commission's energy-federal issues section by addressing depreciation rates and methods in the Federal Energy Regulatory Commission (FERC) case with Southern Star Central Gas Pipeline Company (PP08-350). MoGas Pipeline, LLC also filed for a rate increase with the FERC on June 30, 2009. Depreciation engineers are in the process of performing depreciation analysis in the context of that proceeding.

## Consumer Services Department

The Consumer Services Department serves as the central repository for consumer complaints and inquiries received by the commission. Consumer complaints may be filed with the commission by mail, facsimile, e-mail or the commission's consumer toll-free hotline 1-800-392-4211. Complaints may also be submitted on-line through the commission's website.

Consumer services specialists receive, investigate and respond to billing and service issues involving

## Consumer Savings



natural gas, electric, water, sewer and telecommunications companies regulated by the commission.

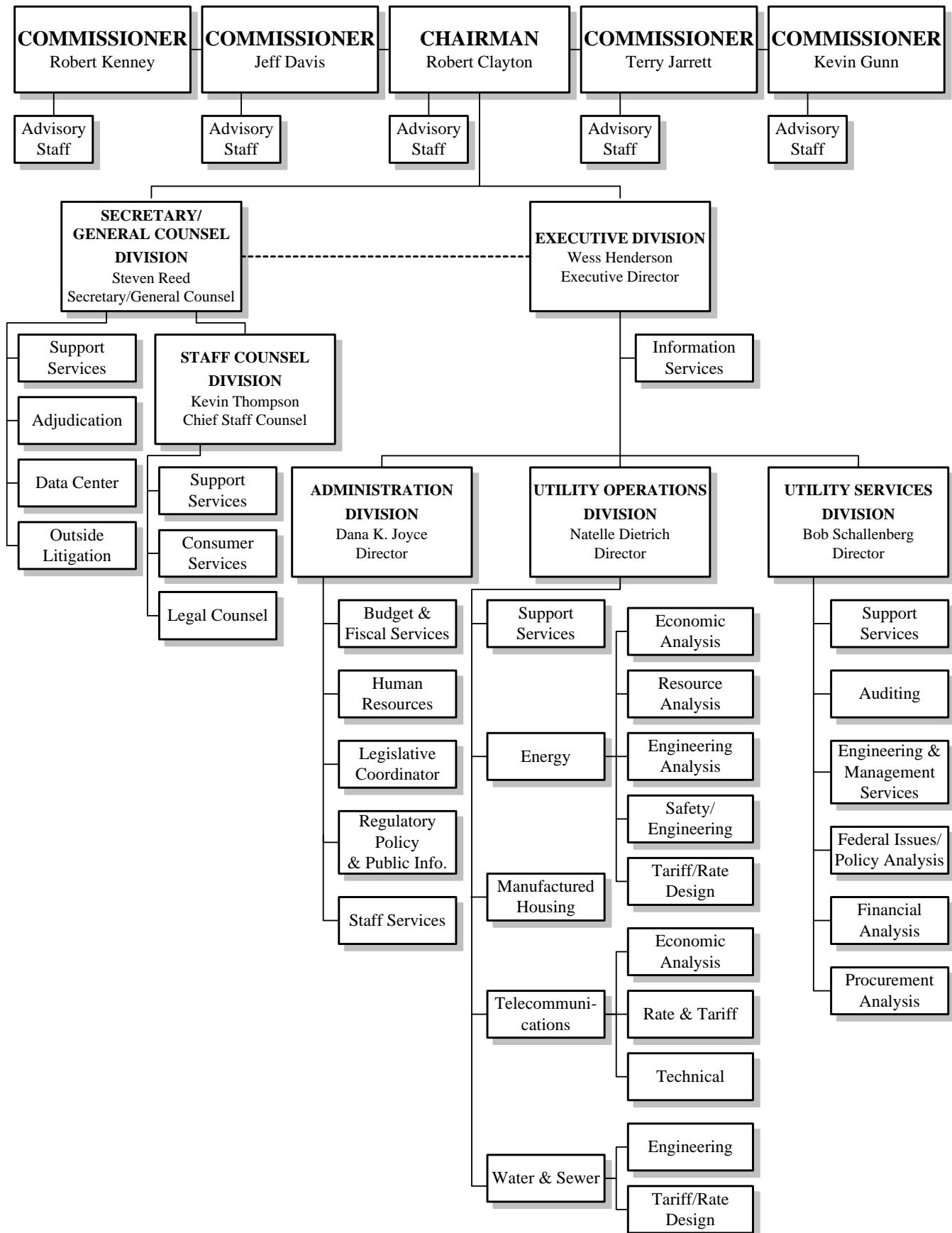
The investigation of complaints may involve consulting with the commission's technical staff, utility representatives and researching utility tariffs as well as the commission rules and regulations. Through the handling of consumer complaints, specialists work to enforce commission rules and utility tariffs.

Specialists also interact with other PSC staff regarding consumer service issues in proposed rulemakings on the state and federal level. This interaction also involves participating in customer-service focused reviews of utility operations and participating

in formal cases before the commission regarding issues that impact customer services.

Consumer service specialists also refer consumers to other agencies that may provide the needed assistance.

The Consumer Services Department is also involved in various outreach programs, working to increase public awareness of commission activities, the PSC's Cold Weather Rule and programs designed to help consumers take control of their energy costs. Energy fairs around the state are one of many avenues pursued by Consumer Services personnel to advance department goals.



# YEAR IN REVIEW

## 2008

**July 1**-- PSC approves the acquisition of Aquila, Inc. by Great Plains Energy, Inc.

**July 25**-- PSC announces settlement in cases before the Federal Energy Regulatory Commission that will save Missouri consumers an estimated \$4 million in future natural gas costs.

**July 31**-- PSC issues decision in The Empire District Electric Company rate case. When the company filed its rate request on October 1, 2008, it sought to increase annual electric revenues by \$34.7 million. The PSC decision grants an increase of approximately \$22 million.

**August 28**-- PSC approves agreement reached in Aqua Missouri, Inc. water and sewer rate cases. Annual water revenues will increase by \$165,630 and sewer revenues by \$388,700. Company sought to increase annual water revenues by \$403,900 and sewer revenues by \$753,800.

**September 5**-- Kansas City Power & Light Company files an electric rate case with the PSC seeking to increase annual electric revenues by approximately \$102 million.

**September 5**-- KCP&L Greater Missouri Operations Company files an electric rate case with the PSC seeking to increase annual electric revenues by approximately \$66 million in the area formerly served by Aquila Networks-MPS and by approximately \$17 million in the area formerly served by Aquila Networks-L&P.

**September 5**-- KCP&L Greater Missouri Operations Company files a steam rate case with the PSC seeking to increase annual steam revenues by approximately \$1.3 million.

**September 22**-- PSC approves agreement which authorizes Trigen-Kansas City Energy Corporation to increase annual steam revenues by approximately \$1.2 million.

**October 15**-- PSC and Missouri Department of Natural Resources announce new website to promote

energy efficiency in Missouri.

**October 30**-- PSC amends net metering rules establishing guidelines for customers of investor-owned electric utilities who have the ability to generate their own renewable energy.

**November 1**-- PSC Cold Weather Rule takes effect.

**November 14**-- PSC approves agreement reached in Missouri-American Water Company rate cases. Commission grants an increase of approximately \$34.5 million for water and sewer service. Missouri-American Water Company sought approximately \$49.7 million in a March 31, 2008 filing with the PSC.

**December 1**-- Southwestern Bell Telephone Company d/b/a AT&T Missouri is declared a competitive telecommunications company having met the statutory test in HB 1779. All exchanges have been deemed competitive.

**December 12**-- Embarq Missouri, Inc. is declared a competitive telecommunications company having met the statutory test in HB 1779. All exchanges have been deemed competitive.



## 2009

**January 5**-- CenturyTel of Missouri, LLC is declared a competitive telecommunications company having met the statutory test in HB 1779. All exchanges have been deemed competitive.

**January 13**-- Gov. Jay Nixon appoints Commissioner Robert Clayton chairman of the PSC.

**January 27**-- PSC grants AmerenUE an electric rate increase of approximately \$162.6 million. When the electric company filed its rate request with the PSC on April 4, 2008, it sought to increase annual electric revenues by approximately \$251 million.

**February 18**-- PSC gets bill credits for customers of the Suburban Water Company under a court approved agreement.

**March 2**-- PSC issues manufactured housing consumer alert. PSC staff removes HUD labels on 13

## PSC Year in Review

### (continued)

manufactured homes in Jefferson County because those homes exceeded federal guidelines for formaldehyde.

**March 3** -- PSC opens working docket on ethics and standards of conduct. An independent review will be conducted of the PSC's rules and practices. A repository file has also been opened so that interested parties may see and comment on documents contained in this process.

**March 19** -- PSC grants KCP&L Greater Missouri Operations Company request for certificates of public convenience and necessity for the South Harper power plant and the Peculiar 345 kilovolt substation in Cass County.

**April 2** -- Missouri Gas Energy (MGE) files a natural gas rate request with the PSC seeking to increase annual natural gas revenues by approximately \$32.4 million.

**April 22** -- PSC approves agreement which authorizes the Raytown Water Company to increase annual water operating revenues by approximately \$299,800. Company sought an increase of approximately \$405,402 in a September 12, 2008, filing.

**May 31** -- Commissioner Connie Murray resigns from the PSC.

**June 1** -- PSC approves agreement which grants an electric rate increase for KCP&L Greater Missouri Operations Company. Under the agreement, KCP&L Greater Missouri Operations Company will receive a rate increase of approximately \$48 million for its operations serving the territory formerly served as Aquila Networks-MPS and approximately \$15 million for its operations serving the territory it formerly served as Aquila Networks-L&P.

**June 5** -- The Empire District Gas Company files a natural gas rate case with the PSC. The rate request seeks to increase annual natural gas operating revenues by approximately \$2.9 million.

**June 10** -- PSC approves agreement which grants an increase in annual base rate steam operating revenues of approximately \$384,000 for KCP&L Greater Missouri Operations Company.

**June 10** -- PSC approves agreement which grants a \$95 million electric rate increase for Kansas City

Power & Light Company. When KCP&L filed its rate request on September 5, 2008, it sought to increase annual electric operating revenues by approximately \$102 million.

**June 22** -- PSC hosts State of Electric Industry presentation in Jefferson City.

### OTHER ITEMS OF NOTE SINCE THE END OF THE 2009 FISCAL YEAR

**July 8** -- PSC holds agenda meeting in St. Louis, marking the first time an agenda meeting has been held outside of Jefferson City in recent memory.

**July 16** -- PSC amends net-metering rules eliminating a requirement that customers generating 10 kilowatts or less of electricity carry liability insurance.

**July 24** -- PSC endorses customer choice on AT&T Missouri residential white pages telephone directories in Missouri's large metropolitan areas. Directories will still be available at no charge to customers who want them.

**July 24** -- AmenrenUE files \$401.5 million electric rate case with the PSC.

**July 29** -- Gov. Jay Nixon appoints Robert S. Kenney to the Public Service Commission. Kenney replaces Connie Murray who served on the PSC until May 2009.

**August 24** -- PSC holds second State of Electric Industry presentation.

**September 9** -- PSC holds agenda meeting in Kansas City, marking the first time an agenda meeting has been held in Kansas City in recent memory.

**October 21** -- PSC holds damage prevention roundtable.

**October 30** -- Missouri-American Water Company files a \$48.5 million water rate case with the PSC. Company also seeks a sewer rate increase of approximately \$143,600.

**October 30** -- The Empire District Electric Company files an electric rate case with the PSC seeking to increase annual electric revenues by approximately \$68.7 million.

# Statistical Information



# Statistical Information

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## RATE CASE DECISIONS DURING FISCAL YEAR 2009

### ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
7/30/08	ER-2008-0093	Empire District Electric	\$ 34,700,000	\$ 22,000,000
1/27/09	ER-2008-0318	AmerenUE	\$ 251,000,000	\$161,700,000
6/10/09	ER-2009-0090	KCP&L-GMO	\$ 83,000,000	\$ 63,000,000
6/10/09	ER-2009-0089	Kansas City Power & Light	\$ 102,000,000	\$ 95,000,000

### STEAM

Date of Order	Case No.	Company	Rate Request	PSC Decision
9/18/08	HR-2008-0300	Tigen-Kansas City	\$ 1,200,000	\$ 1,200,000
6/10/09	HR-2009-0092	KCP&L-GMO	\$ 1,300,000	\$ 384,000

## WATER & SEWER RATE CASES

Tracking/Case Number	Company	Effective Date	Increase Granted
SR-2008-0312	Missouri-American Water Co.	11/28/08	\$151,880
WR-2008-0311		11/28/08	\$34,319,212
SR-2008-0388	WPC Water Company	4/16/09	\$927
WR-2009-0098	Raytown Water Company	5/4/09 11/1/09	\$299,837 \$210,140
SR-2009-0144	Cannon Home Association	5/7/09	\$4,317
SR-2009-0145	Peaceful Valley Service Company	5/7/09	(\$3,454)
WR-2009-0146		5/7/09	\$13,209
WR-2009-0149	Osage Water Company	9/19/09	\$48,500
SR-2009-0152		9/19/09	\$13,500
WR-2009-0150	Missouri Utilities Company	7/10/09	\$170
SR-2009-0153		8/10/09	\$4,700
WR-2009-0151	Hickory Hills Water & Sewer Co.	8/10/09	\$9,800
SR-2009-0154		8/10/09	\$14,900
WR-2009-0166	Riverfork Water Company	12/19/08	\$7,164
QW-2008-0011			
WR-2009-0167	Midland Water Company, Inc.	12/19/08	\$2,026
QW-2008-0012			
WR-2009-0167	Suburban Water and Sewer Co.	6/5/09	\$18,000
SR-2009-0226	R.D. Sewer Company, LLC	9/12/09	\$6,350
WR-2009-0227	Lakeland Heights Water Co., Inc.	9/12/09	\$7,651
WR-2009-0228	Whispering Hills Water System	9/12/09	\$5,942
WM-2009-0436			
WR-2009-0229	Oakbrier Water Company	9/12/09	\$3,103

**NOTES:**

1. The first block of numbers (i.e. - 2008) in the tracking number or case number reflects the fiscal year in which the subject small company rate increase request or rate case was submitted to the commission.

2. QW = small water company requests      QS = small sewer company requests

# Natural Gas Utilities Statistics

## Calendar Year 2008 (Missouri Jurisdictional)

Name of Company	Mcfs Sold	Operating Revenues (\$)	Residential Customers	Total Customers
Atmos Energy Corp.	5,961,722	68,495,816	49,693	56,590
Empire District Gas Company, The	4,935,334	62,566,154	39,160	44,441
Laclede Gas Company	74,665,858	969,262,167	588,228	629,029
Missouri Gas Energy (1)	56,643,677	721,194,371	446,311	512,121
Missouri Gas Utility, Inc. (2)	157,748	1,856,367	977	1,100
Southern Missouri Natural Gas (3)	695,178	9,899,296	6,847	7,702
Union Electric Company (4)	12,693,904	187,430,225	112,863	126,101
<b>Totals:</b>	<b>155,753,421</b>	<b>\$ 2,020,704,396</b>	<b>1,244,079</b>	<b>1,377,084</b>

Source: MoPSC FERC Form 2 - 2008 Annual Reports (Missouri Jurisdictional)

(1) A division of Southern Union Company

(2) A subsidiary of Summit Utilities, Inc.

(3) Southern Missouri Gas Company, L.P.

(4) Union Electric Company d/b/a AmerenUE Gas Districts

# Electric Utilities Statistics

## Calendar Year 2008 (Missouri Jurisdictional)

Name of Company	MWhs Sold	Operating Revenues	Residential Customers	Total Customers
Aquila Networks - L&P (1)	2,179,329	\$ 135,015,516	58,221	66,031
Aquila Networks - MPS (2)	5,923,462	487,208,332	214,098	244,893
The Empire District Electric Co.	4,223,367	346,235,699	124,395	148,069
Kansas City Power & Light Co.	8,777,482	572,502,580	238,921	271,440
Union Electric Company (3)	37,980,626	2,171,887,882	1,039,169	1,196,119
<b>TOTALS:</b>	<b>59,084,266</b>	<b>\$3,712,850,009</b>	<b>1,674,804</b>	<b>1,926,552</b>

Source: MoPSC FERC Form 1 2008 Annual Reports (Missouri Jurisdictional)

(1) Aquila, Inc. d/b/a Aquila Networks, Aquila Networks-L&P to KCP&L Greater Missouri Operations Company on 8-8-08

(2) Aquila, Inc. d/b/a Aquila Networks, Aquila Networks-MPS to KCP&L Greater Missouri Operations Company on 8-8-08

(3) Union Electric Company d/b/a AmerenUE

# Steam Utilities Statistics

## Calendar Year 2008 (Missouri Jurisdictional)

Name of Company	MMBtus Sold	Operating Revenues	Residential Customers	Total Customers
KCP&L Greater Missouri Operations	2,594,672	\$18,600,000	0	5
Trigen-Kansas City Energy Corp.	1,471,095	16,420,159	0	58
<b>TOTALS:</b>	<b>4,065,767</b>	<b>\$ 35,020,159</b>	<b>0</b>	<b>63</b>

Source: 2008 Annual Reports

# Water and Sewer Companies

## Calendar Year 2008 (Missouri Jurisdictional)

<u>Name of Water Company</u>	<u>Customers</u>	<u>Name of Sewer Company</u>	<u>Customers</u>
Aqua Missouri - RU	1,240	Aqua Missouri -- Development	23
Argyle Estates Water System	52	Cannon Home Association	90
Bilyeu Water Company	54	Central Rivers Wastewater Utility, Inc.	174
Empire District Electric Company	4,613	Envirowater Company	0
Evergreen Lake Water Company	64	House Springs Sewer Company (1)	1,091
Finley Valley Water - City of Ozark	218	M.P.B., Inc.	139
Franklin County Water Company	186	Meramec Sewer Company	1,017
Gascony Water Company, Inc.	193	Mill Creek Sewer	74
I.H. Utilities	714	North Oak Sewer	81
Kimberling City Water Company	111	P.C.B., Inc.	282
Lakeland Heights Water	121	RD Sewer	175
Loma Linda Development, Inc.	334	S.T. Ventures	85
Middlefork Water Company	2	Taneycomo Highlands	24
Midland Water Company	95	TBJ Sewer Systems, Inc.	56
Moore Bend Water Company	96	Village Water & Sewer Company	234
Noel Water Company	655	Warren County Sewer Company	35
Oakbrier Water Company	59	West 16th Street Sewer Company	145
Raytown Water Company	6,724	WPC Sewer Co.	67
Rex Deffenderfer Enterprises, Inc.	1,069		
Riverfork Water Company	145	<b>Total Number of Customers</b>	<b>3,792</b>
Spokane Highlands Water Company	49		
Stockton Hills Water Company	161		
Suburban Water Company	153		
Tri-States Utility Company	3,441		
U.S. Water/Lexington	2,183		
Village Greens Water Company	36		
Whispering Hills Water Company	56		
Woodland Manor Water Company	157		
<b>Total Number of Customers</b>	<b>22,981</b>		

(1) Operating Under Receivership

# Combination Water & Sewer Companies

## Calendar Year 2008 (Missouri Jurisdictional)

<u>Name of Company</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
Algonquin Water Resources	917	385
Aqua Missouri -- CU	431	2,142
Bear Creek Water & Sewer	46	33
Brandco Investments (F.K.A. Hillcrest)	206	206
Calvey Brook Water & Sewer Co.	0	0
Foxfire Utility Company	325	181
Franklin County Service Co.	52	65
Gladlo Water & Sewer Company (1)	67	64
Hickory Hills Water & Sewer Company (1)	48	47
Highway H Utilities	608	65
KMB Utility Corporation	541	189
Lake Northwoods Utility Company	20	20
Lake Region Water & Sewer Company	740	1,162
Missouri-American Water Company	584,087	1,109
Missouri Utilities Company (1)	155	130
Osage Water Company (1)	418	386
Peaceful Valley Service Company	164	164
Port Perry Service Company	261	175
Roark Water and Sewer	667	630
Rogue Creek Utilities (1)	92	90
Roy L Utilities	53	53
S.K. & M. Water & Sewer Company	298	169
Swiss Villa Utilities (2)	139	139
Taney County Utilities Corporation	531	73
Terre Du Lac Utilities Corporation	1,237	1,174
Valley Woods Water Company	38	29
Willows Utility Company	200	200
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<b>Total Number of Customers</b>	<b>592,341</b>	<b>9,080</b>

(1) Operating Under Receivership

(2) Sale/Transfer Pending

## Contacting the PSC

Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The PSC is open from 8:00-12:00 noon and 1:00-5:00 p.m., Monday through Friday, except on state holidays.

**Jefferson City:** Missouri Public Service Commission  
Governor Office Building  
200 Madison Street  
(Mailing Address: P.O. Box 360)  
Jefferson City, MO 65102  
**Toll-free Consumer Hotline for  
Complaints: (800) 392-4211**  
**Manufactured Housing/Modular Unit  
Complaints: (800) 819-3180**  
Other Business: (573) 751-3234  
Fax: (573) 751-1847

**St. Louis:** Missouri Public Service Commission  
111 North 7th Street, Suite 105  
St. Louis, MO 63101  
Telephone No.: (314) 340-4700  
Fax: (314) 340-4725

**Kansas City:** Missouri Public Service Commission  
Fletcher Daniels State Office Building  
615 E. 13th Street  
Kansas City, MO 64106  
Telephone No.: (816) 889-3943  
Fax: (816) 889-3957

**Web site address: [www.psc.mo.gov](http://www.psc.mo.gov)**

# PSC Commissioners Past and Present

<u>Commissioner</u>	<u>Length of Service</u>	<u>Commissioner</u>	<u>Length of Service</u>
John M. Atkinson	1913-1916	Tyre W. Burton	1952-1965
William F. Woerner	1913-1914	Frank Collier	1953-1954
John Kennish	1913-1917; 1920	M.J. McQueen	1954-1956
Frank A. Wightman	1913-1915	D.D. McDonald	1955-1961
Howard B. Shaw	1913-1917	William Barton	1956-1965
Edwin J. Bean	1914-1925	Frank J. Iuen	1959-1963
Eugene McQuillin	1915-1917	Frank W. May	1961-1967
William G Busby	1916-1921	Donal D. Guffey	1963-1968
David E. Blair	1917-1920	William R. Clark	1965-1975
Noah W. Simpson	1917-1923	Charles J. Fain	1965-1977
Edward Flad	1917-1921	Howard Elliot, Jr.	1967-1970
John A. Kurtz	1920-1923	Marvin E. Jones	1967-1973
Hugh McIndoe	1921-1923	Willard D. Reine	1968-1975
A.J. O'Reilly	1921-1925	James F. Mauze	1971-1975
Richard H. Musser	1923-1925	A. Robert Pierce, Jr.	1973-1977
Merrill E. Otis	1923-1924	James P. Mulvaney	1975-1977
Thomas J. Brown	1923-1928	Stephen B. Jones	1975-1979
D.E. Calfee	1925-1929	Hugh A. Sprague	1975-1979
Almon Ing	1925-1933	Charles J. Fraas	1977-1983
S.M. Hutchinson	1925-1931	Leah Brock McCartney	1977-1983
J.H. Porter	1925-1933	Alberta Slavin	1977-1981
James P. Painter	1928-1929	Stephanie Bryant	1979-1981
Milton R. Stahl	1929-1933	Larry W. Dority	1979-1983
J. Fred Hull	1929-1934	John C. Shapleigh	1981-1984
George H. English	1931-1936	Charlotte Musgrave	1981-1988
J.C. Collet	1933-1935	Allan G. Mueller	1983-1996
William Stoecker	1933-1936	Connie Hendren	1983-1989
W.M. Anderson	1933-1938	James M. Fischer	1984-1989
Harry E. McPherson	1934-1935	William D. Steinmeier	1984-1992
Sam O. Hargus	1935-1937	David Rauch	1989-1993
John S. Boyer	1935-1941	Kenneth McClure	1990-1997
Albert D. Nortoni	1936-1938	Ruby Letsch-Roderique	1990-1991
John A. Ferguson	1936-1944	Patricia Perkins	1991-1995
J.D. James	1937-1942	Duncan Kincheloe	1992-1997
Marion S. Francis	1938-1941	Harold Crumpton	1993-2000
Scott Wilson	1938-1941	M. Dianne Drainer	1995-2001
Paul Van Osdol	1941-1943	Karl Zobrist	1996-1997
Frederick Stueck	1941-1943	Robert Schemenauer	1998-2001
Kyle Williams	1941-1952	Sheila Lumpe	1997-2003
Charles L. Henson	1942-1959	Kelvin Simmons	2000-2003
Albert Miller	1943-1944	Bryan Forbis	2001-2003
Richard Arens	1944-1945	Steve Gaw	2001-2007
Agnes Mae Wilson	1943-1949	Linward "Lin" Appling	2004-2008
E.L. McClintock	1945-1967	Connie Murray	1997-2009
Morris E. Osburn	1945-1952	<b>Robert Clayton III</b>	<b>2003-present</b>
John P. Randolph	1949-1951	<b>Jeff Davis</b>	<b>2004-present</b>
Henry McKay Cary	1950-1955	<b>Terry Jarrett</b>	<b>2007-present</b>
Maurice Covert	1952-1953	<b>Kevin Gunn</b>	<b>2008-present</b>
		<b>Robert S. Kenney</b>	<b>2009-present</b>



**Missouri Public Service Commission  
PO Box 360 Jefferson City, Missouri 65102  
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